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CREDIT WORLD

OF THE NATIONAL RETAIL CREDIT ASSOCIATION



March 1950





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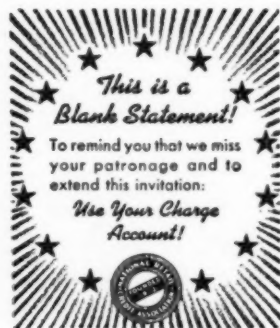
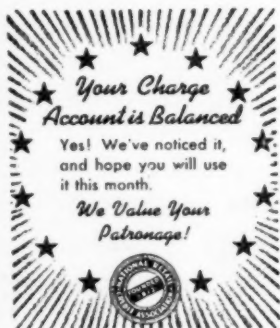
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This is just a re-
minder that we
missed you last
month.

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Charge Account!*

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Us a Cent!**

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it and we hope you
will use your charge
account this month.

*Your Patronage
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**We Missed You
Last Month!**

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SHELL BUILDING ST. LOUIS 3, MO.

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Reorganizing the Credit Department

W. G. HOCKER, *Credit Manager*, Chas. A. Stevens & Co., Chicago, Ill.

TO BE A successful business firm, you must have an organization. First, let us explore the word "organize." Webster says "to organize is to arrange or constitute in interdependent parts—each having a special function or relation with respect to the whole," or "to become systematized or constituted into a whole of interdependent parts."

To me, this means taking the interdependent parts and fitting them together in such a manner as to make the whole or complete operation. Just as in a jigsaw puzzle, if one piece is out of place, you do not have the complete picture. If we permit one section or task to become disorganized, then we do not have an organization; we have only a part of one, if that is possible. So, when we think of our organization, we must think in terms of bringing together functions so as to have the whole or complete picture.

Organizations Within Credit Structure

My discussion has to deal with organizations existing within the various retail credit structures of today, and the means of selecting the best type for a given operation. Probably the principal need for organization is that of establishing lines of authority. Beginning with the Credit Manager, through the assistant and various supervisors, there are certain limits of authority that must be recognized, respected and accepted by the person in authority as well as the people under the authority. Once you have these lines clearly established, you are on your way to having an organization.

Before establishing lines of authority, we must first determine the structural setup of our proposed organization. Should it be functional, or should it be divisional, or a combination if such is practical. Certainly you will want to give serious thought to this structural setup. Which plan will be most efficient and economical? Questions arise such as: the number of accounts you now service or anticipate servicing; the number of related sections included in the managerial setup of your Credit Department; leadership qualifications of the available personnel who are to function as assistants or supervisors within the sections; volume in transactions and credit applications to be handled; type of collection setup required of your business; service you are required to extend to your customers; type of credit you extend; and possibly the physical limitations of the area in which you will establish your organization. Now let us explore the factors just mentioned.

Certainly the number of accounts you have will dictate to a large extent your type of organization. If you have a one man credit office, you will probably have 500 accounts and personally handle interviewing, authorizing, billing and collections. If you have 10,000 accounts you would require several employees, and for efficiency would probably find it advantageous to have a large amount of versatility among your employees. As the store grows the need for specialization becomes more evident. At this point you consider specialization, and must consider these sections that are to be a part of your credit operation. You may have an interviewing staff,

new account processing and reference clerks, authorizing, billing, collection, bill adjustment, merchandise adjustment, sales promotion, and as many of you well know, several things, such as lay-away, cashing, direct mail, mail receiving and mail and phone orders. For some of you in large firms, it may sound a little farfetched that a Credit Manager should be asked to supervise all of these operations, but in small firms it does pose a problem. Therefore, you must consider your operations before deciding the organizational setup.

The volume in transactions and credit applications will dictate your personal requirements, which in turn, to some extent will dictate your type of organization. For example, heavy add-ons on installment accounts require more interviewing personnel.

Authorization! Are you operating the store whose average sale is \$5.00, and is covered by floor limit? Or is it \$20.00 and not covered by floor limit? Such pertinent information will dictate your authorizing load and in turn your personnel and supervisory requirements.

How do you collect? Do you use forms such as cards, form letters, typed letters, telephone or probably a combination of these media? Do you dun at 30, 60 or 90 days? Again this dictates personal requirements and in turn, supervisors.

Your physical possibilities as to office layout to some extent govern your organization. It may be that various sections within your Credit Department are located on different floors of your store, possibly even miles away in a service building, or in branch stores.

The important point is to analyze your operation before drawing up an organizational chart. These charts generally appear both simple and impressive, but try this: Draw your chart not only showing the supervisors and various sections, but including all details or functions of the sections. You probably could not put all of this on one chart, and would end up with several charts, one or more for each section.

Operations of Credit Department

Now we can assume that you have determined the various operations that go to make up your Credit Office. You have all the details of the various jobs, and are now ready to decide the best type of organization. With these details you should experiment on paper with various functional and divisional organizations.

Now a word or two about organizations. Do you prefer functional, divisional, or a combination of the two? Taking these one at a time, let us point out some of the advantages and disadvantages of each:

1. FUNCTIONAL

A. Advantages.

1. Enables you to take full advantage of specialization.
2. Simplifies training, inasmuch as assignment is one task or function rather than a multiplicity of responsibilities.
3. Leads to greater efficiency as the specialist becomes more proficient in his or her job.
4. Simplifies placement of personnel.

B. Disadvantages.

1. Too much specialization creates problems with the introduction of new systems and machines which might eliminate certain functions.

2. Leads to monotony.

II. DIVISIONAL

A. Advantages.

1. Versatility of employees.

2. By having a group, or one person responsible for all phases of credit and collection for a particular group of accounts, it simplifies analysis of over-all efficiency.

3. Especially advantageous and necessary in branch store operations—where the branch store maintains its own credit office with authorizing, billing, collections, etc.

B. Disadvantages.

1. Training more complex.

2. Placement of personnel more difficult.

3. More expensive because of the need of versatile employees.

4. Curtails credit selling as the interviewer might constantly think in terms of collections.

III. A COMBINATION OF FUNCTIONAL AND DIVISIONAL—Divisional for Credits and Collections . . . Functional for authorizing, billing, general typing, addressograph, etc.

An organization such as this gives the advantages of the functional organization by specialization in those jobs that might be classified as production jobs. At the same time, the Divisional setup in the Credit and Collections gives the advantages realized in the Divisional organization. For those of you who feel a divisional setup is right for your office, this combination is probably worth the first consideration. The one pitfall, however, is that it can be disastrous if there is lack of proper coordination. The lines of authority in the various functional sections which serve the divisional sections must be clearly defined. To illustrate this, take a hypothetical example: Suppose you offer regular 30-day accounts, contract accounts, and special 90-day accounts. You might set up your interviewing staff under three supervisors, each being in charge of one of the three types of account service. In addition, have the supervisors responsible for collections in their respective sections.

Interviewing and Collecting

Now you have competition which no doubt will pay dividends in both interviewing and collecting. Your interviewers are conscious of the collection problems, and will probably take a better application. Your interviewers get to know their customers personally, and are better qualified to serve them both in interviewing and collections. It might be that you are concerned that the interviewers, being collection conscious, would cost you business, but I do not think this pertinent. On the other hand, it might be that your interviewers get to know the customer in a friendly way, so that they over-extend the customer's account. Again I feel this to be the exception. However, you must guard against possible confusion in the functional sections resulting in the diversion of work from the divisional sections.

As you see here, there are three divisional departments depending upon the functional sections to a large extent. The question of priority, personal feelings, varying view-

points and overloads are problems that must be recognized as each section's principal concern is to see their department served first and most efficiently. So you have the necessity of clearly defining lines of authority.

Another example of factors dictating type of organization might very well be one of managerial and physical influences. As Credit Manager, you might be under the supervision of the Store Manager, the Treasurer, the Controller, or in some instances an Office Manager. Authorization might be under your supervision or the Service Department, and Accounts Receivable and Sales Audit may or may not be under the supervision of the Credit Manager.

Managerial and Physical Limitations

As you well know, the Accounts Receivable, Authorizing and Collection Departments might well be in a warehouse or service building, completely dislocated from the Credit Department within the store. If your concern has branch stores, they may possibly operate their own Credit Departments, so again, you must know your managerial and physical limitations.

A third type of organization might be one in which the title of Credit Manager is far reaching. Let us take a small organization for example, wherein you as Credit Manager, supervise Credit, Authorizing, Accounts Receivable, Collections, Bill and Merchandise Adjustment, Cashiering, Lay-away, Direct Mail, Cleaning and Repairing, and perhaps a few other items which you will, by this time, willingly handle as you have reached the state of complete numbness.

In no other type of organization do you need greater understanding, loyalty, versatility of employees and coordination of effort. The organization is small but the need for organizing is large.

In my comments I have endeavored to bring forth what I feel are the important factors governing the organization of an office. Varying factors dictate the best type of organization for your office, and no one can inform you of the best type.

To conclude may I sum up in this way:

It is improbable that any of you will ever be faced with the need of forming an organization wherein an organization of some type does not exist at present. If and when you are faced with the need for a change first study your present organization and study this to the extent that you have the entire operation in detailed form, with policies clearly defined. Write procedures on your present operation, paying particular attention to the flow of work. Study your personnel and note their capabilities. Decide where they may be used to a better advantage, and which individuals possess ability in leadership. How would you rate your efficiency under the existing operation? Reviewing the factors gathered: what changes, if any, will result in a more economical and efficient operation?

Having completed this, then proceed to rewrite those procedures wherein you feel improvements might be made. Visualize these rewritten procedures in operation, and analyze their effect on all sections within your office. Check the need for, or the advisability of securing additional or different mechanical equipment; and if your results show that a change is warranted then determine the best type of organization for the success of your operation. ***

Do YOU Have the Answer to the Problem of Credit Sales Promotion?

HENRY C. ALEXANDER, *Credit Manager, Belk Brothers, Charlotte, N. C.*

THERE IS no use kidding ourselves, not even Atlas can carry the world on his shoulders. And even though modern consumer credit can and does play a tremendous part in our modern economy, there is a limit to our ability, willing as we may be. Since the transition of the market from one in which the seller held the whip hand to the present when Johnny Q. Public and his wife are again in the driver's seat, there has been a growing tendency to use the credit department more and more to close the gap between those good old days of 1947-48 and the slightly lower figures of the past year.

Credit Sales Possibilities

Now this tendency is good. Even the most energetic and sales-minded credit executive has not used the potential sales possibilities of his department to the fullest extent. But it also has its disadvantages. Last year most retail stores had a loss in gross sales as compared with the previous year's business. There are as many "reasons" for this decline as there are managers, buyers and department heads. The fur and jewelry buyers blame Senator George's premature statement on the repeal of excise tax. The ready-to-wear buyer says it is the unseasonal weather. The furniture buyer claims his downfall is due to the man around the corner who is passing up down payments and giving those extra months to pay. There are many more, but if you happen to be the boss you are probably getting a little fed up on excuses, and longing for results rather than reasons why.

The proof that the credit branch of retailing has been on the ball is the fact that in most cases they have shown a substantial gain in volume while the cash total has moved consistently backward. True, collection percentages have decreased from the lush years and losses have increased, but they are still much better than they were prior to the war. In fact there are some who feel that larger losses and even lower percentages would not be unsound, and in the long run might even be advantageous to business.

The one inescapable fact that stands out is that a reduction in prices has accounted for most of the loss in dollar volume; the expansion of credit has kept the loss from reaching greater proportions, and has helped maintain the unit volume at a very satisfactory level.

No one can predict the future, but if prices continue to level off and sales lag, it will take more and more effort to keep the line on the sales chart level for 1950. Credit can absorb some of this, but "to put too much pressure on the credit department to add too much to the sales volume in too little time may be just too bad."

In the first place, a sound national economy is based upon many factors. One is most certainly a steady, even

flow of goods from the crude material source through production and into the hands of the consumer. Any credit sales program, that would so overload the customer and ultimately reduce his buying power below a reasonable figure, could and probably would bring about national disaster. Credit sales of a necessity give us business today based on future earnings. America's standard of living has largely been built on this system of anticipation. Even during the boom days of the twenties we did not abuse this important factor. But credit men of that day were not as sales minded as they are today. Nor was management fighting as hard to increase business that was reaching new yearly peaks as they are today in trying to maintain the figures of a war era.

Today the pressure on the credit man is greater and constantly increasing. So far even with outstandings at a new high, there is nothing to be alarmed about. Percentage wise we are, in proportion to income, in excellent shape. But outstandings have not stopped climbing, terms are being daily lengthened, down payments reduced, and against this there is not too much assurance that income will increase or even hold its own. One thing is certain; national income can drop and drop faster than we can lower our outstanding figures. If this does happen, credit will augment a depression rather than retard it. After the 1929 crash we all started to "get our houses in order" rather than to stimulate sales by a further expansion of credit. In fact, in many cases expanding much further would have meant failure to many concerns. We must maintain that factor of safety for the time when credit needs for national economic safety are vital.

Item of Operating Expense

The second item is one of operating expense. Lower sales have in most cases caused less concern with management than lowered profits. These have shrunk to a dangerously low figure and some firms have been forced to dust off the old red pen. Credit sales promotion like most any other type of selling is expensive. The small business can do a reasonable amount of this as a by-product of regular routine work, but to put on a high powered program the cost mounts fast. Credit reports, postage, lists of names, agency fees added to additional office expense run the cost of new account to sizable amounts. This in itself is not so bad because the additional volume of business is supposed to offset this temporary expense, and it would not be if the promotional expense would remain a temporary figure. But somehow or other this is not exactly the case.

There is an old saying, "A man convinced against his will is of the same opinion still." It is equally true that a person persuaded to open a charge account that she has not any real desire for is going to let it lapse gradually into disuse. My experience indicates that a sizable number of these do not use the account for even

one purchase. If a store puts on a large number of these accounts that like Jonah's vine, flourish and then fade, they are faced with the problem of constantly seeking more and more accounts to replace those that were in many cases just names on a ledger card and who were and still are good cash customers.

Even too much emphasis on revitalizing inactives can backfire from a cost standpoint. A good example of this is one that I have personally experienced. During the war years, my son had occasion to visit a near-by city. Suits were scarce and he found just what he wanted in one of our great southern stores. Not having the cash, "he charged it" to papa. This store bought a credit report, set up the account, and shipped the suit. That was in 1944. Since then I have received letters, cards, blank statements, catalogues, and in fact everything of a promotional nature except a personal visit or long-distance call. Since I have had no occasion to use the account it is still inactive. Of course, this store is playing percentage and did not expect to click on every account. But their published figures show net profits for last year of less than one and one-half per cent. Expense is high somewhere and the answer to low profits is not always sales. I do not claim that this particular store is running close to the red because of too much expense for sales promotion. That can be caused by many reasons. The fact does remain, however, that if all accounts receive the same attention that mine did, expenses are high in the credit promotion department. Should an appreciable number of accounts be in the same category as to sales possibilities the cost figures can easily more than offset the good that is done.

If you are sales minded, and I am sure you are, by this time you are ready to class me either as crazy or as one of the old-timers who sees no good in the modern trend of credit promotion. That is not the case. I firmly believe that credit is a great builder of both sales and profits and if it is not doing both in your store, you need a change in your credit policy or you should go to a cash basis. Certainly no wise and prudent merchant will stand the expense of maintaining a credit business merely for the convenience of his customers.

Drives to Open Accounts

But unless he has just completed a large expansion program, opened a new business or has just changed over to a credit policy, he should build slowly, soundly, and not by large drives to open accounts in wholesale lots. By no means should management expect credit to share more than its proportionate part in building and maintaining volume. After all, the advertising, merchandising, display, and in fact every other department in a modern store can and must add its part to this problem.

A store builds slowly and soundly by creating in the customer a sincere desire for a charge account, a feeling of confidence in its merchandising policy, a friendly atmosphere, good service and sound values. These are policies for merchandising staffs. The credit department cannot assume these duties and responsibilities. Neither can the credit department make up the gap between the loss of volume from various causes and those high figures of 1948, without resorting to ridiculous terms and unsound extension of credit unless the store as a whole is made attractive to the customer. Remember you have

no monopoly on credit promotion and the chances are whatever you offer will be more than equalled by your competitor.

The old saying that a cash customer is anybody's customer is as false a belief as can be found in our business world. Thousands and thousands of customers have stores that they are loyal to and they pay cash from choice. Let the sales force assume the responsibilities of keeping them so. Some of these you lose for various reasons, but the same causes that made them customers in the first place will bring in replacement. Credit alone will not hold them when they are ready to leave you.

The Answer to the Problem

What is my answer to the problem of credit promotion? It is simple. Keep what you have got. Keep them by maintaining close personal contact, understanding their problems, and willingness to work with them. Keep them by good public relations. You are the one in your organization that should be closest to your customers, so be close to them. Do not delegate the personal contact to someone who will handle it as a routine job while you attend to so-called important matters. Nothing is as important as your relations to your customer. You can employ people at a dime a dozen to handle most of your work, but one that can handle your charge customers properly is a jewel of great price.

Make yourself known in the community. You should be the best known and best liked person in your organization, and if you are doing a good job you are. Walk through your store often. If a dozen or more customers do not speak to you and call you by name as you walk from your office to the front door, it is high time to examine yourself and see why. If folks do not recognize you on the street and smile; if customers do not bring their friends into your office to open accounts, you are passing up the best sales promotion plan in the world. Maybe it is not as fast or as spectacular, but the customers that come in that way want an account and they stay on your books once you put them there. The thing the boss will like about this is that it does not cost a thing. It adds to sales without increasing expense.

Sure, continue to solicit newcomers; set up a goal for a reasonable increase in accounts each month in the year, but do not get the idea you can safely bring them in by the thousands once or twice a year. Always remember that an oak tree will not grow as fast as a willow, but it makes a better piece of timber. ***

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3725 INACTIVES who **\$241,000**
bought

LESTER brozman AND CO.

160 FIFTH AVENUE, N. Y. C. 10

23rd year counselling thousands of great name-dept. and specialty stores,
large and small

National Membership Activities

2,000 New Members Needed

From June to December, 1949, more than 2,500 new members have joined the National Retail Credit Association. This is a nice increase, but we have set our goal at 5,000 for this year. The Membership Committee is completely organized throughout the country and is working hard on increasing membership in local Associations, as well as assisting in forming new ones.

Many times the question arises, "Why Should I Join the National Retail Credit Association?" It is a logical question and should be answered by sound reasoning. You are all familiar with *The CREDIT WORLD* and its many fine articles, which is published monthly. L. S. Crowder, General Manager-Treasurer, has written an excellent editorial in the February issue regarding our responsibility to the Association. This article should be read by all our members. Perhaps you have attended an educational course or two sponsored by the National organization and no doubt you have used collection stickers or credit application forms which are available to you as a member. These and many other reasons are your answers to, "Why join the National?"

Although the Membership Committee is carrying on an intensive campaign, it is through your cooperation and assistance that we will keep that membership figure climbing month by month and year by year. While you are reading this, perhaps you can think of at least one firm in your locality that would benefit by belonging to our Association. Why not take a few minutes to point out to these prospects the advantages of National membership? I am confident that our goal will be reached by next June providing we all help in enrolling new members. Remember, helping others to receive these advantages also helps yourself.

Harry E. Jones
General Membership Chairman

Roll of Honor

Here is the roll of new National Units which have been organized since June 1, 1949:

City	Date	Members
Belen, New Mexico	July 12, 1949	10
Odessa, Texas	July 18, 1949	39
Orlando, Florida	July 26, 1949	23
Columbus, Georgia	August 10, 1949	17
Ontario, Oregon	August 15, 1949	11
Arkadelphia, Arkansas	August 26, 1949	62
Roseburg, Oregon	August 29, 1949	59
Lebanon, Oregon	September 22, 1949	12
Sweet Home, Oregon	September 22, 1949	10
Moultrie, Georgia	October 5, 1949	17
Texas City, Texas	October 5, 1949	15
Hamilton, Ont., Canada	October 11, 1949	10
Sunburst, Montana	October 17, 1949	14
Waco, Texas	October 24, 1949	131
Arlington, Virginia	November 7, 1949	49
Lawton, Oklahoma	December 5, 1949	12
Ponca City, Oklahoma	December 19, 1949	10
Bingen, Washington	January 16, 1950	15
La Fayette, Indiana	February 3, 1950	24

New members reported by Districts from June 1, 1949, through February 20, 1950:

District	Members
1	83
2	99
3	146
4	88
5	108
6	134
7	221
8	261
9	171
10	787
11	296
12	460
13	68
Foreign	4
Total	2,926

Old Associations reporting 25 or more new members since June 1, 1949, through February 20, 1950:

District	Members
1 Springfield, Massachusetts	42
2 New York, New York	77
3 Atlanta, Georgia	45
5 Cincinnati, Ohio	26
Cleveland, Ohio	26
6 Winnipeg, Manitoba, Canada	55
Des Moines, Iowa	40
7 Wichita, Kansas	37
Kansas City, Missouri	66
St. Louis, Missouri	30
9 Denver, Colorado	102
Albuquerque, New Mexico	25
Salt Lake City, Utah	37
10 Vancouver, B. C., Canada	55
Coos Bay, Oregon	27
Portland, Oregon	80
Longview, Washington	29
Seattle, Washington	77
Spokane, Washington	64
Tacoma, Washington	123
11 Los Angeles, California	151
San Francisco	76
12 Washington, D. C.	98
Baltimore, Maryland	90
Silver Springs, Maryland	38
Pittsburgh, Pennsylvania	130

They Continue to Grow!

It is interesting to note that our "old" Associations have continued to show nice increases in membership. The record of Los Angeles, Pittsburgh, Tacoma and Denver, all 100 per cent National, is noteworthy in that each Association has reported more than 100 new members since June 1, 1949. In the next bracket, Washington, D. C., Baltimore, Portland, Seattle, New York, San Francisco, Kansas City, and Spokane, also 100 per cent national units, have made substantial increases in membership, ranging from 64 to 98, in the order named. Our thanks and congratulations go to the Bureau managers and credit executives of the cities mentioned.

—L. S. Crowder.

PROGRAM HIGHLIGHTS

36th ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

Hotel Netherland Plaza, Cincinnati, Ohio, June 12-15, 1950

Tuesday Morning, June 13 . . .

9:00—ASSEMBLY—HALL OF MIRRORS, Netherland Plaza Hotel

COMMUNITY SINGING

9:15—CALL TO ORDER—Richard T. Schatz, Washington Water Power Company, Spokane, Washington, President, National Retail Credit Association

INVOCATION

IN MEMORIAM

WELCOME TO CINCINNATI

9:45—APPOINTMENT OF COMMITTEES:

CONSTITUTION AND BYLAWS

RESOLUTIONS

CREDENTIALS

NOMINATING

10:00—THE CREDIT FORUM

David D. Bolen, *Chairman*, Famous-Barr Co., St. Louis, Missouri, Past President, National Retail Credit Association

11:00—Address, Speaker to be Announced Later

11:45—INTRODUCTION OF:

Honorary Life Members

Members from Canada

Exhibitors' Representatives

Cincinnati Conference Committee

12:15—ANNOUNCEMENTS AND ADJOURNMENT

Wednesday Morning, June 14 . . .

9:00—ASSEMBLY—HALL OF MIRRORS, Netherland Plaza Hotel

COMMUNITY SINGING

9:30—RECONVENE

REPORTS OF COMMITTEES:

FINANCE

NOMINATING

CONSTITUTION AND BYLAWS

CREDENTIALS

10:15—THE CREDIT FORUM

David D. Bolen, *Chairman*, Famous-Barr Co., St. Louis, Missouri, Past President, National Retail Credit Association

11:15—"Living With Ourselves"

Frederick W. Walter, The Bailey Company, Cleveland, Ohio, Chairman, Educational Committee, National Retail Credit Association

12:00—ANNOUNCEMENTS AND ADJOURNMENT

Thursday Morning, June 15 . . .

9:00—ASSEMBLY—HALL OF MIRRORS, Netherland Plaza Hotel

COMMUNITY SINGING

9:15—RECONVENE

MEMBERSHIP AWARDS, L. S. Crowder, General Manager-Treasurer, National Retail Credit Association

9:30—INTERNATIONAL ACHIEVEMENT AWARDS, Harold A. Wallace, Executive Vice President, Associated Credit Bureaus of America

9:45—AWARDS, Mrs. Pat Hughes, President, Credit Women's Breakfast Clubs of North America

10:00—Panel Discussion, "Improving Credit Investigation Methods"

Moderator, Harry P. Earl, Credit Bureau of Salt Lake City, Salt Lake City, Utah

PANEL—CREDIT BUREAUS

A. L. Dye, Credit Bureau of Greater Kansas City, Kansas City, Missouri

C. B. Flemington, Credit Bureau of Toronto, Toronto, Ontario, Canada

Harold V. Tom, Credit Bureau of Zanesville, Zanesville, Ohio

PANEL—CREDIT MANAGERS

William F. Bradley, Gump's, San Francisco, California

H. A. Clarke, Boggs & Buhl, Pittsburgh, Pennsylvania

Hugh L. Reagan, The Cain-Sloan Company, Nashville, Tennessee

11:00—"It's Up to You"

H. W. Adkins, Executive Vice President, Yahr-Lange, Inc., Milwaukee, Wisconsin

11:45—REPORT OF RESOLUTIONS COMMITTEE ACTION ON FINAL REPORT OF COMMITTEE ON CONSTITUTION AND BYLAWS

1951 CONFERENCE CITY

UNFINISHED BUSINESS

ELECTION AND INSTALLATION OF NEW OFFICERS

INTRODUCTION OF OFFICERS

ASSOCIATED CREDIT BUREAUS OF AMERICA

CREDIT WOMEN'S BREAKFAST CLUBS OF NORTH AMERICA

12:45—ANNOUNCEMENTS AND ADJOURNMENT

Educational Exhibits

Addressograph-Multigraph Corporation

A. B. Dick Company

Diebold, Inc.

Farrington Manufacturing Company

Kellogg Switchboard and Supply Company

The National Cash Register Company

Recordak Corporation

Remington Rand, Inc.

Robotyper Corporation

TelAutograph Corporation

Underwood Corporation

Credit and Collection Procedure

Should We Spend Time and Money Aging Accounts?

W. O. PERLICK, *Credit Manager, Meacham's, Fort Worth, Texas*

DESPITE the general opinion that comparative age analysis reports would be of benefit to all contributing stores, there seems to be a general reluctance to spend the time and money to compile just such information.

Should you ever have occasion to buy a store or business having accounts receivable, no doubt you would require in addition to a merchandise and capital inventory, an aging of the accounts receivable. Still among many retailers this particular activity seems to receive less attention and effort than any other statistics compiled.

Very likely there are a number of reasons for this. To begin with, computation of these statistics requires effort, skilled personnel, and involves considerable expense. Possibly there is another reason why this particular activity is normally slighted. Are you completely familiar with the information obtainable from an Age Analysis? Are you able to project these comparative figures and plan your future labors to those classifications requiring more than average attention?

In an effort to be able to give more than just an opinion, quite a number of responsible credit men, well recommended in their field of endeavor, have been contacted for their reactions to this particular problem. In each particular case these gentlemen were emphatic in their recognition of the need for an Age Analysis and, in each particular case, do complete these particular statistics on a limited scale. They also indicated a more complete analysis is only submitted on request of their auditors, or management. The question now appears to be whether the expense involved in compiling a complete Age Analysis, at regular intervals, and the interchanging of this information on percentage basis with comparable stores, would be justified.

The normal information obtainable from an Age Analysis could be complete information to your auditors and management regarding the number of accounts receivable in current condition and open to buy. This information might well be used in planning future buying by your merchandising officers. A complete picture can be represented showing the groups of accounts that are beyond the current classification and obviously need strict attention to bring them to date. In your final column of the Age Analysis, the accounts listed present your potential charge-off problem. This particular column is probably one of the most important in your entire analysis and a quick and complete handling of each individual account might reduce considerably your potential charge-off and eventual losses to your firm. As a suggestion, the following might be used as classifications on open monthly and contract account analysis:

1. One to thirty-one days.
2. Thirty-one to sixty days.
3. Sixty-one to ninety days.
4. Ninety-one to one hundred-twenty days.
5. Over one hundred-twenty days.

The following is an example of September, 1949, Age Analysis figures on a percentage basis from a recognized and responsible store:

1 to 30 days	40.7
31 to 60 days	47.1
61 to 90 days	5.0
91 to 120 days	2.8
Over 120 days	4.4

If we should adopt a standard form of presenting this information to either the offices of the Texas Retail Credit News or The Credit World, this information could be submitted on a percentage basis rather than the number of accounts or the dollar-amount of accounts receivable. This would eliminate any possible reluctance on the part of a participating store to submit information that might otherwise be construed as "confidential."

Many firms handling millions of dollars in accounts receivable see fit to take off a complete age analysis each month. Not only are these figures used to give a clear picture of the economic situation of the locality, but these figures are used to obtain a criterion of the job being done by the local organization. Inventory and sales plans are never completed until the previous Age Analysis of the local office is studied.

While we are engaged in independent business enterprises we could take advantage of the interchange of information and obtain full value from a comparison of our competitors' percentages. If this particular plan meets with your approval, and you would be interested in adopting a standardized Age Analysis, and are willing to submit information at agreed intervals, then possibly you will take the time to contact the National Retail Credit Association and express your desires and ask that they solicit this information from comparable stores.

Possibly many of you have already given this considerable thought, and have evolved a more economic and efficient method to take off an Age Analysis. If this is true, no doubt, each individual reading this article would be interested in obtaining this information. Consider carefully the information that is available from this source. Weigh the expense, and the labor involved, then ask yourself this question: "Can I profitably use the information obtained in an Age Analysis to do a better job?"

★★★



Teamwork Against Poor Risks and Deadbeats

Crime Control and Credit Losses

ORGANIZED crime in North America is a big and far-flung business. It costs business and society millions of dollars annually. Slow-paying credit customers and professional deadbeats also are costly to credit granters—and to other credit customers who are prompt and reliable.

Just as law enforcement breaks down into a lot of little local authorities, so does consumer credit control succeed or fail, based upon what you and your fellow credit granters do in your town!

Organized effort to rid any town of hoodlums or gangsters usually drives them out of town . . . sometimes for good . . . to show up in other places. Yet, they may return to ply their "art" in the old home town years later.

While it's true that organized effort to rid your town of slow-pay and deadbeat customers cannot be fully as effective as a drive against hoodlums, still, what each credit granter does—combined with other intelligent effort—has almost the same material effect.

We know, too, that as police and FBI records follow individual and organized crime so can you be forewarned of "questionable or bad risks" through our ACB of A interbureau system. Or, even if victimized, you can warn other credit folks to look out for the fellow or gal who left you holding that bag—that little troublesome \$11.47 account, or that big one for over \$1,000! Thus, the only satisfactory way to deal with slow pays and deadbeats is to cooperate on both a local and nationwide basis.

The job is big and important. It cannot be handed to the other fellow credit-granter. You, too, must take some responsibility. Real success comes from an exchange of your facts through your local credit bureau . . . and from your investigating about the newcomer to your community before you invest.

How can you do this? Simply order a *Factbilt Previous Residence Report* from your local bureau. Don't try to use the "eyeball" method, or try to hand-pick those out-of-town customers by hunch, hope, or hazard . . . ask your bureau to get a full antecedent report which will be an important tool to supplement your judgment.

Here's how you can make this teamwork pay off:

- Regularly report all unsatisfactory credit dealings to your local credit bureau. Unsatisfactory dealings would include slow accounts, repossessions, accounts placed for collection or forced, bad checks, names of profit and loss accounts, skips, or plain deadbeats.

- Take a complete credit application from all new customers or patients, just to make certain you are not being "worked" by some other town's smoothest crook, known deadbeat, overloaded customer, or careless person who may have found it cheaper to move than to stay where creditors are so persistent.

- Check each application through your credit bureau, always, if possible, before extending credit. But at least let your credit bureau know you have "taken on" that new customer or patient. This may save you from a bad experience at the beginning, or from getting hurt too much if you do take a "gambler's chance" on a quick opening of that new account.

Organized crime spreads partially because generally the public is apathetic. NRCA and ACB of A members and their respective subscribers can keep consumer credit business freer from slow, questionable, and bad credit risks, by being alert and following planned, proven, practical credit-granting steps.

Crime thrives on the myth of the "wide open" town . . . so do slow pays and deadbeats. With NRCA's 26,000 credit executive members, and ACB of A's 1503 credit bureaus and 789 collection service members teaming together, we can help each other do more business profitably . . . and, more important—protect that priceless asset to our economy, consumer credit.

Credit "Police"

Your Part in Enforcement

Three Vital Steps

Credit Fraternity Cooperation

CREDIT FLASHES

Credit Education in Los Angeles

The first in a series of classes on consumer credit, held under the auspices of the Los Angeles Retail Credit Associates in conjunction with the Los Angeles Board of Education, was completed on November 30, 1949. The course was based on the textbook *Retail Credit Fundamentals*, by Dr. Clyde Wm. Phelps. Approximately 250 persons, representing 40 stores, attended the classes held one evening each week. A new course will begin soon and it is planned that such courses will become a permanent part of the educational program of the Association.

Arthur E. Kaiser, Credit Manager, Bullock's, is President of the Los Angeles group and W. E. Ryan, General Credit Manager, Broadway Department Store, is Chairman of the Educational Committee. D. R. Coulter, Bullock's, is Coordinator while P. W. Thelander, Supervisor of Distributive Education, Los Angeles City Schools, acted on behalf of the Board of Education. Lecturers and their topics were: R. A. Horton, May Company, "Theory of Consumer Credit" and "Analyzing the Information on Which to Open or Decline an Account"; C. R. Savage, Henshey's, "Types of Retail Sales"; Marshall Myers, Barker Bros., "Types of Retail Sales"; W. D. Conel, Security-First National Bank, "Types of Consumer Credit"; W. E. Ryan, "Interviewing the Applicant for a New Account"; R. D. Roberts, Union Oil Co., "Credit Investigation and Sources of Investigation"; A. E. Kaiser, "Authorizing the Purchases"; and H. G. Norman, Milliron's, "Promotion of Consumer Credit."

Cincinnati Conference Registration Fees

The registration fees for the 36th Annual International Consumer Credit Conference of the National Retail Credit Association to be held at the Netherland Plaza Hotel, Cincinnati, Ohio, June 12-15, 1950, will be \$12.50 for delegates and \$7.50 for wives and members of the families of delegates.

Position Wanted

Credit and collection manager, four years' experience with large department store and men's wear chain. Age 27, married and will travel anywhere. Box 3503, The Credit World.

For Sale

Credit Bureau with collections in town of 20,000 population in Southern California. Will sell half or all. Box 3501, The Credit World.

Help Wanted

Experienced Credit Bureau Manager with some capital for a Credit Bureau in Alaska. Box 3502, The Credit World.

Coming District Meetings

District Two (New York and New Jersey) will hold its annual meeting at Hotel Syracuse, Syracuse, New York, April 16, 17 and 18, 1950.

District Three (Florida, Georgia, North Carolina and South Carolina) and District Four (Alabama, Louisiana, Mississippi and Tennessee) will hold a joint annual meeting at the Columbus Hotel, Miami, Florida, April 23, 24, 25 and 26, 1950.

District Five (Ohio, Michigan, Ontario, Canada, and Kentucky) and District Thirteen (Illinois, Indiana, and Wisconsin, except Superior) will hold a joint annual meeting in conjunction with the 36th Annual International Consumer Credit Conference of the N.R.C.A., at the Netherland Plaza Hotel, Cincinnati, Ohio, June 12, 13, 14 and 15, 1950.

District Six (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Superior, Wisconsin and Manitoba, Canada) will hold its annual meeting at the Radisson Hotel, Minneapolis, Minnesota, March 26, 27 and 28, 1950.

District Seven (Arkansas, Kansas, Missouri and Oklahoma) will hold its annual meeting at the Marion Hotel, Little Rock, Arkansas, March 12, 13 and 14, 1950.

District Eight (Texas) will hold its annual meeting in Fort Worth, Texas, May 21, 22 and 23, 1950.

District Nine (Colorado, New Mexico, Utah and Wyoming) will hold its annual meeting at the Vail Hotel, Pueblo, Colorado, May 7, 8 and 9, 1950.

District Ten (Alaska, Idaho, Montana, Oregon, Washington, Alberta, British Columbia and Saskatchewan, Canada) will hold its annual meeting at the Davenport Hotel, Spokane, Washington, May 12, 13, 14, 15 and 16, 1950.

District Eleven (Arizona, California, Nevada and Hawaii) will hold its annual meeting at the Hotel Sainte Claire, San Jose, California, April 23, 24 and 25, 1950.

MARCH, Better Interviewing Month

"We cooperate universally for the welfare of credit," is an important part of the creed of the Credit Women's Breakfast Clubs of North America. With this thought in mind, we are particularly stressing, during the month of March, the study of better interviews and applications. We realize that the interview is the foundation for good relations with the customer during the entire life of the account and that it will help the store know their customers better. It will also be helpful in promoting sales in the various departments and will be of material aid in tracing skips and troublesome accounts. We believe this to be one of the most important phases of our educational course for this year. Through this program, directed toward improving the amount of information credit departments obtain in the interview to be furnished the credit bureau, we may do a better job for credit granters and for their firms.—Mrs. Pat Hughes, President, Credit Women's Breakfast Clubs of North America.



Waco Celebrates Their Forty-Fifth Anniversary And Goes 100 Per Cent National

UNDER the direction of Howard Chilton, the Retail Merchants Association operating the Credit Bureau of Greater Waco, Texas, is now one of the most modern, efficient and prompt reporting bureaus in the Nation. On the evening of January 18 between 5 P.M. and 9 P.M., over 200 business men and women of Waco attended the formal opening of the new offices in suite 915 Liberty Building. All new modern office furniture and equipment has been installed to make it one of the best equipped organizations of its kind in America. The organization now occupies the largest quarters in its 45-year history and had a total of 26 employees during the month of December, an increase of 185 per cent since June 1, 1949, when Mr. Chilton became manager.

Its new telephone equipment now surpasses that found in the credit bureaus of cities of comparable size (90,000 population) in the State of Texas. Serving the 378 members are 14 trunk lines and 4 direct lines. All calls for credit information are now handled direct and the relay through a P.B.X. board has been eliminated. Instead of operating a multiple unit reporting system which is used in many cities, they treat the entire reporting department in Waco as one unit, therefore, the inquiring member suffers no inconvenience because he is not switched from one operator to another. In the half-page write-up in the *Waco News-Tribune* it was pointed out that "Today a modern credit association is eager to assist young people in establishing their credit in the community. Also it tries to be helpful in re-establishing the credit of those who have had misfortune. To this end a public relations department has been created. Every day the staff of this division councils with many persons who desire to learn the status of their records."

Everyone is encouraged to take an interest and a pride in his credit record and Mr. Chilton feels that a person

has a right to know what is on his record so that he may have an opportunity to re-establish himself. With the proper training of employees and with their using the proper discretion this can be accomplished. The results being the merchant collects his past-due bills and the individual pays up his old obligations.



Clyde Bennett, right, Vice President, Waco Merchants Association, welcomes Mr. Crowder to Waco. Howard Chilton is on the left.

Out-of-town visitors for the open house included: Lindley S. Crowder, General Manager-Treasurer, National Retail Credit Association; Mr. and Mrs. Charles Lux, Austin, Texas, Secretary, Retail Merchants Association of Texas; Horace Barnhart, Jr., Assistant Manager, Retail Merchants Association of Austin; Horace Barnhart, Sr., Director, Retail Merchants Association of Texas; J. B. Moreland, Credit Manager, Southern Union Gas Co., Austin; Claire Maze, General Manager, Retail Merchants Association, Temple; Arch

(Turn to "Waco Celebrates," page 31.)



In the picture above, left to right, are: John Nesbitt, Assistant Manager; J. E. R. Chilton Jr.; Howard Chilton, Manager; L. S. Crowder; Eva Barnett, Manager, Collection Department; E. E. Singleton; and Clyde Bennett. Pictured on the right is the reporting department.



What Is the Most Important Credit

Opinions of Credit Executives

- 1. DECREASE IN COLLECTION.** There is a tendency even by those calling themselves conservative credit men, to be lax in evaluating a credit applicant. This makes for an overloaded buyer and in consequence you are confronted with either accepting partial payments too often or taking a substantial loss on the account. Money is not as free and as easily obtained now as was the case some twelve months ago. Closer follow-up must be maintained and more pressure put on the buyer in order to get your money.
- 2. MORE INTENSIVE SALES PROMOTION.** It does not seem that we will get away from the high pressure type of salesman whose ethics are often questioned. We will have this type of salesman so long as we have sales managers who want to build a volume reputation and who set quotas too high for their salespeople. We will see intensive sales promotion that is aimed to benefit both the consumer and the seller. I think business will be more selective in choosing their top sales personnel which will reflect lasting credit upon their firms.
- 3. REDUCTION OF CREDIT OFFICE OPERATING COSTS.** It has taken us a long time to work out from under a mass of antiquated and bulky useless records that take sixty or more per cent of the time of your Credit Personnel to maintain at the expense of expediting credit reports and approvals. We are only now in the outer fringe of the woods in approaching a concise method of keeping the minimum records necessary to conduct our business efficiently. We can simplify our methods much more and save considerable wasted time.
- 4. BUILDING SALES AT THE EXPENSE OF SOUND CREDIT.** To do this, you must have the cooperation of management to assist and put a curb on irresponsible salespeople. Credit education, with the backing of the management, will do more to show your salespeople the light than any one thing. An open-minded approach to the subject by all concerned, pointing out the pitfalls of loose credit, will do more to control this matter than anything that can be undertaken.
- 5. PROPER TRAINING OF CREDIT PERSONNEL.** Step by step training produces excellent results if a well thought out program in office training is used. A credit employee should know for whom he is working; the history and background of the firm; and the firm's policies and practices. More practical experience is needed and less academic, however. Credit Schools which are sponsored by wide-awake Retail Credit Associations are playing an important part in the training of credit employees.

- 6. CONSUMER EDUCATION.** The consumer should know with whom he is dealing. He should know the credit terms, the policies and the character of the firm. He should know that the firm wants his business, his good will and what the firm has to offer him for his patronage.—Collis P. Haynes, United Gas Corp., Houston, Texas.

★ ★ ★

The theme of 1950 for Consumer Credit should be **Know your Customer.**

1. complete information should be available so that we may maintain a collection turnover that will be acceptable to management. Of course, this will be possible through a consistent follow up and having the proper credit information on every customer in our files so that we may show the best results.
 2. more intensive sales promotion should be maintained through contact with inactive accounts and new accounts promotion. Again, the consistent follow up on the credit information available regarding customers will produce the most excellent results and create added volume from those who are able to buy and pay on time.
 3. credit office operating costs are inclined to increase when personnel is added for this follow up and the introduction of timesaving devices and forms will be the offsetting factor in keeping costs down.
 4. as we know, we should be concerned with the building of sales at the expense of sound credit and selling will not be at the expense of sound credit if discretion is used when reviewing credit reports and selling only those whose record shows an open to buy condition.
 5. the promotion of credit schools for credit department personnel, training them for the best procedure to follow in both collection and promotion; using Dr. Clyde W. Phelps recent textbook on Credit Management for this instruction.
 6. best results in consumer education can be obtained through newspaper and radio advertisements and also Credit Courses and lectures in High Schools and College Business Classes.—Dean Ashby, J. L. Brandeis & Sons, Omaha, Neb.
- ★ ★ ★
1. Decrease in collections—Certainly a consistent program of newspaper and radio advertising to the public on the importance and value of a good credit record and how it is established would eventually lead us to a much higher collection percentage.

SUMMARY

Most Important Credit Problems	Management		Credit Executives		Bureau Managers		Total	Per Cent
	Total	Per Cent	Total	Per Cent	Total	Per Cent		
Tendency to build sales at expense of sound credit	3	9.7	17	23.9	7	22.6	27	20.3
More intensive credit sales promotion	8	25.8	15	21.1	4	12.9	27	20.3
Greater concentration on collections	5	16.1	12	16.9	4	12.9	21	15.8
Proper training of credit personnel	4	12.9	9	12.6	5	16.1	18	13.5
Give more attention to individual analysis and selection of risks	5	16.1	7	10.0	6	19.3	18	13.5
Consumer education of credit requirements	4	12.9	6	8.5	3	9.7	13	9.8
Reduction in credit office operating expenses	2	6.5	5	7.0	2	6.5	9	6.8
Total	31	100.0	71	100.0	31	100.0	133	100.0

The Current Trend Of Credit Thought

5. The training of personnel is a problem for each individual credit man to solve. There is too much time and money spent by various associations in training credit office personnel when they should be educating the consumer. We should train our own people the way we want them trained.

—Fred Hesse, Linman Wolfe & Co., Portland, Ore.

The merchant in the Northwest, in the year 1950, will be affected greatly by farm income. For the past ten years our farmers and ranchers have experienced an unprecedented era of prosperity; good crops at good prices. The rewards were so great that many ignored precaution and invested heavily in new acreage and new machinery, gambling heavily on future income. Our drought, 1949 brought many a vicious wave of land payments, machinery payments, and heavy operating expense, plus a slightly lower market in which to sell what they did produce. Another dry year will eliminate entirely the poorer farmer and the optimist. Since our economy is dependent directly or indirectly on agricultural conditions, our greatest problem is obvious. A good credit risk for the past several years is now a question mark.—John A. Jay, H. Earl Clack Co., Havre, Mont.

3. To investigate-invest-and-collect wisely.—J. P. Stedehouder, Lansburgh & Bro., Washington, D. C.

1950 brings us to another decade, into a new half century, one that can mean much to the advance of constructive credit. We will do well to evaluate, in reflection, the contributions that sound credit practices have made in the general economy of this country, and to the happiness and well-being of its people. It is our responsibility as credit executives, and in our associations, to carry on in the building of progressive, constructive and ethical credit policies. In accepting this challenge we must be alert to the changing conditions, to be continuously striving to better inform and equip ourselves in order that we can best serve our communities, through the firms we represent.—K. V. Steenson, Midwest Oil Co., Minneapolis, Minn.

The slowing down of collections on both open accounts and budgeted accounts demands systematic follow-up methods and constant vigilance over receivables. The increased demand for credit accounts will also require well-trained credit executives if we are to take advantage of credit selling. The importance of this fact cannot be overemphasized. Tactful methods of obtaining desired credit information and the diplomatic handling of rejections are indispensable. Credit seekers are quite often sensitive about credit matters and are easily provoked. This makes it doubly important that they be interviewed by well-trained people capable of creating good will and store prestige. A well-treated potential customer can be a real asset, whereas a mistreated one is always a liability.—G. Palmer Swenson, Samuelson Motor Co., Port Angeles, Wash.

Adherence to sound credit policy in opening new accounts, close adherence to terms in collections and avoidance of over-extension of credit to accounts now on the books, is of the utmost importance. I think it will be necessary to do an intensive credit sales promotion. It is a most effective means of stimulating business, the results of which can be checked directly and easily. The credit department is a "plant in the sun" in the organization.—Glady's Thompson, Norman Cassidy, Des Moines, Iowa.

During 1950, the emphasis will be on sales of any kind in order to maintain volume; costs will still be high; good employees hard to get; living expenses will still remain high, which will result in a tendency to curtail personal purchases to the lowest possible amount. When this urge is multiplied by several hundred thousand in a given city, the stores are bound to feel it. Most managements have learned by now that they cannot give away credit—especially too loose with terms. Frederick W. Walter, The Bailey Co., Cleveland, Ohio.

One of the most important problems of today is to build sound credit for tomorrow. With the abundant consumer goods, competition is keen for the consumer dollar and there is a tendency to out-term our competitors. Let us keep credit on a sound basis and it will pay dividends.—Carroll D. Whisler, The Mabley and Carew Co., Cincinnati, Ohio.

The number one credit problem for 1950 will be the tendency to build sales at the expense of sound credit. The actuality of this problem has become

evident and its intensity will doubtless increase with every downturn of sales. The size of this problem is magnified when we examine it and find that it emphasizes most of the other problems which we face. For instance, an increase in this problem will make more difficult our task of training personnel, reducing office costs, and maintaining acceptable collection ratio.—R. L. Wynn, Jr., Rich's, Atlanta, Ga.

★ ★ ★

1. Decrease in collections, which we are all experiencing, but with different groups, labor, building and material men, manufacturing, and so forth, due to shortage of employment, collection percentages are reduced more in those sections.
2. More intensive sales promotion. This is something for which I have had arguments pro and con for some time. In a good many places sales promotion comes from the advertising or merchandising manager and I think it is fine, but it requires, of course, a good deal of work in credit departments. However, I find that we try to process and write only those accounts that we particularly invite back again, the others will be individually handled on their merits.
3. Reduction in credit office operating costs. With the decrease in collections percentages, together with more intensive work on sales promotion, there is naturally going to be an increase in the cost of credit operation, unless there is a kickback on the sales promotion end, by the advertising department. I do not see how you can reduce the expense and have your collection and sales promotion in addition to your regular expense of operating costs.
4. A tendency to build sales at the expense of sound credit. This is something that has to be handled in a different manner in different sections. Sound credit to me means that applicants, either sales promotion or not, be screened through the credit bureau, though it means spending a dollar or two on each one, which is better than having to spend a much greater amount in collecting or losses.
5. Proper training credit personnel is something that we are all familiar with. It should be borne in mind that your new personnel are not going to be any better than the training you give them, and the procedure that you put out for them to follow should not be burdensome but thorough. They should be trained in every phase of the credit work of the firm for which they are employed, and rotated in office duties occasionally to better or broaden their knowledge.
6. Consumer education, I think is something we all work on, maybe unknown to us at the time, but still educating the consumer to pay his bills promptly, not to seek more credit than they can handle, and to contact the credit offices if they need an extension rather than wait to be contacted, also to teach the general public that we have a local, State, and National organization, and their manner of payment is something that is probably already on file and should be protected in order for them to have the use of broader consumer credit.—J. W. Waddle, G. A. Stowers Furniture Co., Houston, Texas.

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With sales generally dropping throughout the country, it is only natural for stores to seek ways and means to increase volume. It has already been apparent locally, and I know it is true in other cities, that credit is being exploited for the sake of volume, and at the expense of sound credit. I believe the greatest contribution credit executives can make is to combat such a tendency with a constructive and sound credit policy.—Leland S. Somers, McCurdy's, Rochester, N. Y.

Opinions of Bureau Managers

The credit grantor's chief problem in 1950 is this: All indications are that sales will decline unless aggressive merchandising and strong sales stimuli are used. Full play of the buy now and pay later sales inducer will be the rule of the day. The credit sales manager must not block the volume thus created but he dare not allow his collection or bad debt ratio to get out of hand. His best ally in this can and should be the customer himself. It all lies in how effectively a community educates its citizens to buy wisely and pay as agreed. In this, the grantor must work in a centralized effort to teach the public the advantages and pitfalls of credit. Ample means are available; news stories, public appearances, paid ads, radio time, school cooperation will get the job done. By working together toward this end, granters in every field will be able to minimize their turnarounds and soundly accept the business that aggressive management is pulling into the store or office.—Chapin S. Carnes, Credit Bureau of Albuquerque, Albuquerque, N. M.

We should be optimistic about the future and pessimistic about the past. Let us consider the present as normal. To a great extent, 1950 will be what we make it. An important challenge to retail credit departments in 1950 is to increase retail sales through expansion of profitable credit sales. Nearly every concern is desirous of increasing their business and one of the best avenues is through credit sales. There will be a better collection policy in order to keep past-due accounts receivable in line with sales.—Harry P. Earl, Credit Bureau of Salt Lake City, Salt Lake City, Utah.

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In my opinion, the greatest job we will have in 1950 is to make sure that everyone dealing in credit understands credit requirements. A survey conducted in our area showed misunderstanding concerning open and lease accounts. The survey also showed that customers expected to use credit to the fullest extent to weather the financial storm of unemployment.—B. D. Gardner, Credit Bureau of Hornell, Hornell, N. Y.

★ ★ ★

Business during 1949, in the final analysis, resumed its orderly course, and adjusted itself to conditions as brought about by the law of supply and demand, or in its higher phase, the American way of life. 1950 appears on the horizon as 12 months of greater opportunity than the year just closed. Credit has come into its own and is now being accepted as a part of the American way of life. A credit economy would be the best term applicable to the period in which we are now living. Credit should not be wasted and extended without proper consideration and this should be the responsibility of credit management. This should be done for the well-being of one's own business and for the future status of credit customers. Nothing should be done that would tear down the high regard and attitude our American people have for their obligations. 1950 is a year of great opportunity. May we not become confused in reaching out after dollars today, that tomorrow may be of a different value, or accepting independence today without regard as to what reactions may be a necessary acceptance tomorrow.—A. J. Kruse, Credit Bureau of St. Louis, St. Louis, Mo.

★ ★ ★

We think the greatest problem confronting credit extension in 1950 will be caused by the preponderance of new people handling credit extension. In our area 80 per cent of those handling credit in stores have had no experience prior to the war in credit lines. During the years of their experience they could grant credit to almost anyone and be reasonably sure of getting their money. Many of them are still of the opinion that credit can be extended safely without proper interviews, proper applications and proper bureau reports. As bureau people, we have to accept the responsibility, through our credit bureaus, credit institute programs and through credit association channels, of educating these new credit people to the pitfalls and booby traps that await them as our credit road gets rougher as it surely will. These new credit granters are far more critical of our credit service than are the old-timers, which is a good thing, in that it puts us on our mettle to not only please them, but also to package our service for them in such a manner that they will find it easier and simpler to open and control accounts through time-tried and proved methods rather than by the 'eyeball method'. Until the majority of these postwar credit granters will go along with the 'old-timers' in 'looking before they leap' in the extension of new credit, the most carefully extended line of credit of one store will be ruined by ill-advised, poorly investigated credit sales of this newer group of credit people who are still willing to sell on credit without proper new account analysis or without the safeguard of credit cooperation with other credit extenders.—Francis W. Smith, Salem Retail Credit Bureau, Salem, Ore.

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It is becoming increasingly evident that certain lines of retailing, particularly those engaged in the appliance and automobile fields, are attempting to build volume by means of competition in credit terms. In our section, we find numerous firms advertising merchandise such as television sets, refrigerators, etc., with no payment down and what is known as a "quarter meter plan." If this procedure was confined to a few stores, it would not be too serious. However, in order to meet competition of this kind, it has been necessary for the large department stores and other establishments, who have al-

(Turn to "Problems," page 31.)



Items of Interest From the NATION'S CAPITAL

HAROLD L. SCHILZ, Counsel, National Retail Credit Association, Washington, D.C.

Legislative Committee Meeting

Coincident with the meeting of District 12 in Washington, D. C., February 12-14, 1950, of the Association, the Legislative Committee met during the greater part of February 12 and among other matters considered, authorized the following release to the daily newspapers, trade publications and financial journals:

"The Legislative Committee of the National Retail Credit Association, representing some 26,000 members (such as retail stores, banks utility companies, finance and loan companies, and the like), yesterday noted the results of a survey among, and many complaints emanating from, merchants, jewelers and furriers concerning failure to reduce excise taxes immediately. These reports are to the effect that after the President had called upon Congress to give relief to business in the form of reductions of Excise Tax, there had been a definite decline in the sale of goods to which such taxes particularly applied, such as jewelry and furs, due to the fact that the consuming public has been awaiting such tax reductions before making purchases of such merchandise.

"The Committee, meeting at the Hotel Statler, Washington, D. C., February 12, 1950, further noted that failure of Congress to act immediately on this matter has resulted in a chain reaction of unemployment in such merchandising establishments flowing from the failure of the public to make its usual normal purchases of such merchandise.

"A RESOLUTION was passed by the Committee to the following effect: RESOLVED: that the National Retail Credit Association, acting through its Legislative Committee, now calls upon Congress and the Administration to at once pass a law eliminating the War-Time Excise Taxes on jewelry, furs, luggage, cosmetics and other similar items; railroad, Pullman and plane transportation, and telephone and telegraph communications.

"The membership of the Committee who attended this meeting consisted of Clarence E. Wolfinger, Lit Brothers, Philadelphia, Chairman; Joseph A. White, Harris Stores Company, Pittsburgh, Co-Chairman; J. K. Althaus, Manager, Associated Retail Credit Men, Washington, D. C.; S. E. Collegeman, S. Kann Sons Company, Washington, D. C.; R. M. Severa, Manager, Credit Bureau of Greater New York, New York, N. Y.; J. P. Stedehouder, Lansburgh & Bro., Washington, D. C.; L. S. Crowder, General Manager-Treasurer, National Retail Credit Association, St. Louis, Missouri; and R. T. Schatz, Spokane, Washington, President, N.R.C.A.

"The Committee unanimously adopted a Resolution to continue advocacy of sound credit policies but believed it unwise for any action to be taken by the Administration which might bring about a return of the consumer credit controls formerly exercised by it under Regulation W of the Federal Reserve Board."

Harry P. Earl, Salt Lake City, President, and Harold A. Wallace, St. Louis, Executive Vice-President, respectively, Associated Credit Bureaus of America, also attended this meeting as guests.

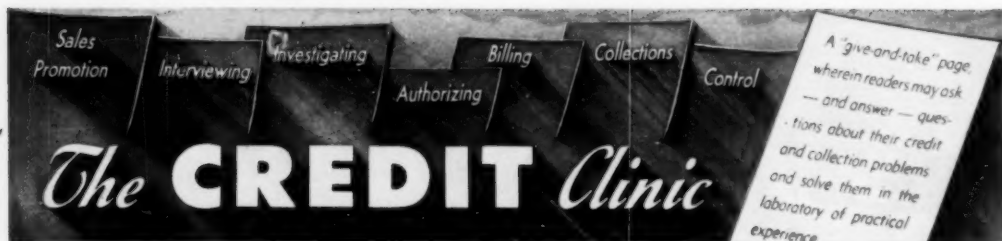
In addition to the excise tax and sound credit control matters acted upon as above described, the Committee also considered questions relating to proposals that have been made in Congress in the past to amend Chapter 13 of the Federal Bankruptcy Act; a questionnaire that has been received from the Secretary of Commerce directed

toward obtaining closer coordination between business and government in the field of trade practice relationships; prohibiting the use of the N.R.C.A. emblem, shield and use of the slogan "Guard Your Credit as a Sacred Trust," by nonmembers; and the matter of re-introduction in Congress of a bill which would authorize the garnishment of wages and salaries of Federal employees. It was decided in connection with the last-named program that information would be gathered by the executive officers of the Association relative to glaring and aggravated cases that have developed in different districts of the country showing the need for such legislation.

Sen. Joseph C. O'Mahoney of Wyoming has introduced a bill to set up a nationwide system of capital banks that would furnish money to small business organizations. It is distinguished from one already introduced by Sen. Scott Lucas, who had proposed enlarging and liberalizing the business-lending powers of the RFC; in that under the O'Mahoney bill the small-business banks would be financed and largely managed by private enterprise, and would pay no taxes on their earnings for 15 years (although dividends to stockholders would be taxable individually). It calls for setting up 36 banks located in each city that has a Federal Reserve Bank or a branch of the same, and as soon as any one of these banks has raised a million dollars capital it is to start making loans to "small and independent" business, or purchasing the securities of same. The definition of a "small and independent" business would be issued by the Federal Reserve Board, with the advice of the Secretary of Commerce.

Stimulant for Small Business

The Pentagon has forwarded a special report to the President in which it claims that 27 per cent of the 5.5 billion dollars worth of military orders awarded last year went to small business and in which it is pointed out that in order to eliminate some difficulties experienced by these businesses in obtaining contract information, a special Procurement Information Center has been formed in the Defense Department headed by a small business specialist, D'Alton B. Myers. The Defense Department has further named 170 "small business liaison officials" in military buying centers throughout the country, a list of whom can be obtained from Mr. Myers' office. It is believed that by inquiring of these sources businessmen can rapidly determine with whom they should deal in the various defense buying agencies throughout the country, and with what procedures it will be necessary for them to comply in order to obtain contracts. ★★★



What They Are Doing About Credit Sales Promotion

WHENEVER credit executives get together, the subject of credit sales promotion is sure to be mentioned. Here are some more opinions from members. This completes the replies to our recent questionnaire. However, we think the subject is worthy of further comment and we cordially invite contributions from members in other lines who may have some new and interesting angles on this vital matter.

Please write and tell us of your experiences with developing credit business.

Omaha, Nebraska

... We have put on a newspaper campaign suggesting the use of a Charge-plate on charge purchases and also run a credit application blank in our advertisement, suggesting the customer fill it in and mail it to us so that we may arrange an account for them. While this is not new in the field of credit, it is new with us, since I have not tried it in the past because I was under the impression that we would receive many applications which it would be necessary for us to turn down and thereby greatly increase the number of rejections. I am happy to tell you that our experience in the past few months has been just the reverse. We have opened accounts with very reliable persons and the rejections have been approximately one-fourth of what we had anticipated and we plan to continue this practice at least until the first of the year to obtain the largest number of accounts during the next two months.

Attention Please

THE CREDIT CLINIC has been named one of the most useful and popular features of **The CREDIT WORLD**. We would like to run it in every issue—but, and this is important, we cannot do so unless we have cooperation from you.

Here is a profitable and valuable clearing-house for improved methods and procedures in all phases of credit operations. Let us make it really lively and helpful. Send in your questions and your problems. Tell us of your better way of doing things. Share that brilliant inspiration with the craft. Unless our members cooperate, **The Credit Clinic** will be discontinued. Do your part! We will be eager for your contribution.

The present system which we use to appeal to our inactive accounts in a series of five different steps begins with three letters of important merchandise appeals. On the sixth step of reactivating accounts which have not been activated through our other efforts they are called on the telephone to inquire as to the reason why they have not used their account. Information is noted on the account that enables us to handle the account in the future. It also gives us an idea as to any unsatisfactory service which has occurred and which we have no record of. Then following this telephone call is a letter which gives an ideal personal touch to the customer's relation to the store.

Birmingham, Alabama

... We have a continuous new account solicitation program. We solicit all newcomers where credit report is favorable. These names are obtained from the bulletin published by the local credit association.

We also attempt to secure new accounts by letter promotion to our cash customers throughout the state of Alabama. These names and addresses are obtained from bank checks, tendered at time of cash sale. They are checked against our charge account list and those that do not have an account receive a letter thanking them for their purchases and a card is enclosed for their signature if they wish to open an account.

About fifteen years ago, we tried the personal solicitation method of obtaining charge accounts and it was very successful. However, we have not used this method since that time.

We are now in the process of trying to reactivate some accounts which have not been in use during the past four months. We have a continuous inactive account promotion which is handled by direct mail prepared by a local concern. Approximately every four months we strip our ledgers of the inactive accounts and go through the process of writing some form of "We Have Missed You" letter . . .

Philadelphia, Pennsylvania

... We are at the present time engaged in a New Account Solicitation activity which has proved most successful to us. We put on two campaigns a year. The promotion is "Employee Solicitation Campaign." This plan of course is very similar to those used by stores throughout the country, but we did do a very good job of organizing the two campaigns we had during the year.

Because of this preparation the program pretty well carries through for the balance of the year. Employees are paid twenty-five cents for each accepted application. During the campaign in addition to this, there are a series of large prizes which are distributed to those employees doing the best job. Quotas are set for each divisional floor superintendent who in turn breaks his quota up among his various divisions. The divisional floor superintendent is also paid on a basis of the amount he exceeds his quota.

At the present time we are not doing any door-to-door personal solicitation work. At one time we did, but feel that our employee solicitation efforts are more worth while. As soon as an account becomes three months inactive, we send an inactive account solicitation letter. A follow-up letter is sent the following month.

In addition to the above we run approximately three or four newspaper ads each month which have credit applications for the customers to fill in . . .

Indianapolis, Indiana

. . . Major portion of our promotional activity is centered around new accounts secured by invitation through our Section Managers on the special application blank enclosed. The information is then transferred to our regular cycle file form. This method has proved very satisfactory, as most of the Section Managers show good judgment in extending the invitation.

Use of "Newcomer Service." These representatives call on all newcomers to Indianapolis and names are secured through public utilities.

Newspaper clippings extending an account to executives moving to Indianapolis.

Contact large industrial firms moving to the city, through their Public Relations men, adding many new accounts.

Write letters to large cash purchasers. This serves a twofold purpose; offers an account and thanks them for the cash spent as many times they feel they have been overlooked.

Write letters to paid-out Deferred Customers whose accounts have been taken care of satisfactorily. This same procedure is followed on many accounts where payments are made promptly and still have two or three payments to be made.

Constantly check Club and Professional lists, contacting those who do not have an account. Most of this work is done by telephone.

Cards are sent to members of our Hosiery Club who do not have an account.

Check with Shopping Service Department and extend accounts to frequent users, as well as those buying on C.O.D.

. . . In spot checking from time to time we find that most of our inactivity is caused by people leaving the city, deceased, married, etc. In case of married persons we do follow through if they do not call at our office in three weeks.

To do more business profitably, and to help locate "lost customers," always take a complete credit application from all new accounts and check these through your Credit Bureau.



Credit Manual of Commercial Laws (National Association of Credit Men, One Park Ave., New York 16, N. Y., 784 pages, \$10.00.) The 41st annual revision of this business book presents a large number of new laws and amendments to present statutes which deal with commercial transactions. It presents four new laws regulating the assignment of accounts receivable, amendments and new laws on other important subjects, such as community property, bulk sales, mechanics' liens, assumed names, factors' liens, bad checks, commercial crimes, and competency of parties to a contract. As usual, the 1950 edition contains a summary of state laws on such subjects as rights of married women, sales and use taxes, state fair trade acts, secured credits, such as conditional sales, chattel mortgages, assignments of accounts receivable, and factors' liens. While this book is designed especially for the use of financial and credit executives, it might well be in the library of every corporate officer.



1949 Guide to Government Information on Retailing (Superintendent of Documents, Washington 25, D. C., 38 pages, 15 cents.) Retailers and others engaged in distribution who wish to take advantage of the various forms of assistance available to them from the Federal Government agencies will be helped by this new publication issued by the Department of Commerce. Each publication is listed under the head of the Government agency producing it and also is indexed by type of business and by the operational subject with which it deals. Some of the subjects are: accounting, advertising, credit, displays, financing, merchandising, personnel training, and many others.



Using Consumer Credit (National Education Association, 1201 Sixteenth Street, N. W., Washington 6, D. C., 108 pages, 35 cents.) This publication is one of the consumer education studies of the National Association of Secondary-School Principals, a department of the N.E.A., and has been prepared for use in secondary schools. It is intended to help young people to become more intelligent, more effective, and more conscientious consumers in the economic system in which they live.



The American Canon (Abingdon Press, 810 Broadway, Nashville, Tenn., 126 pages, \$1.50.) This book, by Dr. Daniel L. Marsh, President, Boston University, contains the seven writings that all Americans accept as the undisputed creed or the "Bible" of American Patriotism, such as the Declaration of Independence, The Constitution, The Star Spangled Banner, etc. Every member of our Association should own this book. Dr. Marsh's inspiring address on this subject, which he delivered at our Boston Conference last June, was included in the November, 1949, and December, 1949, issues of *The CREDIT WORLD*.

LEONARD BERRY

THE FAST-APPROACHING Easter season, with all its activity in many departments of the store, provides an especially auspicious time for the alert credit executive to accelerate his credit sales promotion program. Spring is traditionally an important apparel buying period and new account solicitation as well as renewal work on inactives, can be woven appealingly around the timely and exciting theme of new and different items for personal wear and for the home. Fast-disappearing are the last grim vestiges of winter and there is a renewed interest in fashionable and gay raiment and house furnishings to match the awakening of nature.

There is little doubt that the use of credit does make purchasing easier, and minimizes the resistance to price that so often stiffens when cash has to be laid on the counter. Customers tend to concentrate their purchases in those stores where credit has been established.

Sales-minded credit executives should ask themselves if the kinds and varieties of credit offered by them, adequately and completely fulfill the requirements of the majority of the customers. Merchandise managers keep a keen ear to the ground swell of customer demand and credit managers, too, should listen closely to any evidence of customer credit wants that he is unable to fill.

The twin peaks of credit promotion work, after ensuring that such adequate credit plans are available to his customers, are, of course, the acquisition of new accounts and the re-activation of dormant accounts. Both are important and together they form a never-ending task. There is a steady erosion of every customer list. With relentless persistence the ordinary course of human events takes a toll of your customers of between 8 and 10 per cent every year. These losses are brought about in many different ways. A certain number of accounts are closed by death. The American public likes to move around and you lose another group of accounts by customers moving out of town. Marriage, and consequent taking up residence elsewhere, causes another reason for closed accounts. These accounts can be considered completely closed. There are other situations that affect your cherished account list. While we would deny the possibility, the fact remains that even though we try hard to please our patrons, there will be some who encounter some shortcoming in merchandise or service sufficient to cause them to close their accounts. Then, of course, every credit department finds necessity to themselves to close some accounts because of poor pay. All these factors, together with the customers who just make a change in shopping habits, mean that inevitably losses are suffered and must be made good.

Credit promotional work is necessary to a degree just to maintain our customer lists at about the same level. It becomes of paramount importance when we consider that most stores are not content with "breaking even" but are animated with a keen desire to beat last year's figures.

*Reading this publication carefully
and regularly will contribute to
your success as a Credit Executive.*

This promotional work is accomplished largely by means of letters and this month's selections illustrate the importance of good letters in developing increased credit sales. Much thought must be given to the job of finding good prospects and writing impelling letters to those prospects. Managers of Credit Sales should take the initiative and by study of local conditions and the particular objective of the store, prepare a definite program and accept the responsibility for its fulfillment.

Some credit executives believe that their efforts are most effective when directed chiefly at obtaining the new account. Others are equally sure that the principal target for promotional activity should be the inactive customer. Probably the best approach to the problem is to make an analysis of the present charge account list and from the data developed decide those questions, plus others, such as the general class of customer the store wishes to acquire and the area of highest concentration of such desirable patronage.

In general, new credit customers come from five sources:

1. Your own cash customers.
2. Present customers of other stores.
3. Newcomers to the community.
4. Young people becoming independent consumers.
5. Residents of out-lying areas which you wish to develop.

This Month's Illustrations ➡

Here are four outstanding examples of new account and promotion letters. We shall have more to say about inactive account stimulation next month.

Illustration No. 1. John Wright, Credit Manager, Loveman's, Inc., Chattanooga, Tennessee, here extends a warm and cordial welcome to a newcomer. Such a letter would make the new arrival to Chattanooga feel very much at home. Because the credit record is good, the account is made available at once and probably just at the time its convenience is especially appreciated.

Illustration No. 2. In this letter, J. P. Stedehouder, Credit Sales Manager, Lansburgh and Bro., Washington, D. C., expresses appreciation for the patronage of a cash customer and points out the added advantages of being able to charge purchases. The letter makes it easy to open an account, simply asks for a few items of information. The letter is well-worded and has a tone of friendliness that makes its success understandable.

Illustration No. 3. In this splendid sales promotion letter, Earl E. Paddon, Credit Manager, Lammert Furniture Company, St. Louis, Missouri, utilizes the current interest in television to suggest additional purchases on an existing budget plan account. The letter maintains sustained customer interest and is so well-written that one must read it to the end. An excellent example of credit sales promotion.

Illustration No. 4. This letter as used by The Robert Simpson Company, Ltd., Toronto, Ontario, Canada, encloses a temporary Identification Card to be used until the permanent Charge-plate is ready. Listed are some of the advantages that are enjoyed by charge account customers. The thought is emphasized that a charge account is a convenience which adds to the pleasure of shopping. ★★★

Loveman's, INC.
CHATTANOOGA, TENN.

①

March 1, 1950

Mrs. J. B. Johnson,
1200 Federal Ave.,
Chattanooga, Tenn.

Dear Mrs. Johnson:

Welcome to Chattanooga! Needless to say, we are glad you've selected Chattanooga for your new home and we feel sure you will love it, for it offers so much—beautiful scenery, mild climate, excellent schools, cultural activities—and a good shopping district with all types of stores.

A charge account has been opened for you at Loveman's. It may be used at once, and should prove a pleasant convenience to you. For Chattanooga's quality Department Store has always filled that desire on the part of newcomers for a "good store like the one back home".

Won't you please sign the enclosed post card and drop it in the mail—so we'll have your signature on file?

And, if at any time, you have suggestions which will add to your pleasure in shopping at Loveman's, I shall appreciate your bringing them to my attention—by letter, by telephone, or better still, by a personal visit.

Sincerely,

John Wright
John Wright
Credit Manager
LOVEMAN'S, INC.

2/26

TELEPHONE
NA 1-1100

Lansburgh & Bra
1400 B & E STREET, N.W.
WASHINGTON 4, D.C.

②

January 11, 1950
Our 50th Year

Mrs. John A. Money
5128 N. 10th Street
Arlington, Virginia

Dear Mrs. Money:

We are taking this opportunity to tell you that it has been a great pleasure to serve you as a cash customer, whenever you patronize our store, every effort will always be made to please you, and with a charge account we could serve you even better.

Shopping is much more fun when you buy things as you discover them. That's one of the attractive features of a Lansburgh Charge Account. It streamlines your purchasing. Spend and convenience are combined to make this the most pleasant way to buy.

It's easy to open an account — Simply fill out the enclosed application card and return it in the postage-free envelope.

Won't you do it now while it's on your mind?

Cordially yours,

LANSBURGH & BRA

J. W. Schneider
J. W. Schneider
Credit Sales Manager

JPS/mcc

Lansburgh & Bra TEMPORARY IDENTIFICATION CARD
THIS CARD IS VALID ONLY WHEN ACCOMPANIED BY A RECEIPT

Mrs. John Doe,
1000 Yonge Street,
Toronto, Ontario.

100000

Mrs. John Doe

THE ROBERT SIMPSON COMPANY LIMITED
TORONTO, CANADA

March 1, 1950

④

Mrs. John Doe,
1000 Yonge Street,
Toronto, Ontario.

Dear Mrs. Doe:

Account Number 10000

Charge account customers are considered particular friends of our store and we take pride in the record that makes up our records. In other words, you and your family will find a Simpson account a great convenience and accordingly have found the liberty of opening one for you.

A monthly account offers you many advantages and relieves you of the necessity of accumulating your orders with a remittance, or providing for weeks of credit periods. Instead, you receive a statement each month and you can pay for all your purchases with one cheque.

Please don't think of a Charge account as "an extension of credit." It is merely a method of payment — a card showing your account number is enclosed. With your next order just say "Charge it!"

Our Personal Shopping Service is ready to give your orders prompt and expert attention at all times. You will find this very visiting the City that your Charge Account will prove to be a real time saver.

Yours very truly,

THE ROBERT SIMPSON COMPANY LIMITED
New Accounts Department

Chas. Hoff
Chas. Hoff
Charge Office

A.J. Doyle
Sls.
BRI.

LAMBERT FURNITURE COMPANY
1000 BROADWAY, NEW YORK
NEW YORK 10, N.Y.

FROM THE OFFICE OF
EARL E. FALCON

February 1, 1950

③

Dear Mrs. Brown:

When we do these things we ought to do, quite naturally we do not expect a "pat on the back," but when we meet those budget payments month after month when they are due, well, that is different.

You are establishing an enviable record and you can be justly proud. It is a pleasure for us to see the prompt manner in which you are meeting each payment. Congratulations!

A few weeks ago I bought a Television set for my family, and while it was one of the more recent sets, truly it is one of the finest additions to my home that I have purchased in a long time. You cannot help but become really enthusiastic about them. The program is varied, and you can see just the kind of entertainment you enjoy. In sports I have enjoyed the St. Louis University, basketball games, the St. Louis River in hockey, and the main attractions in wrestling, and that's from my favorite set.

Naturally, I wanted to tell you about it while these sets are available. The national news from New York City has materially increased interest in Television.

Additional pictures may now be added to your present contract with a minimal cash payment, and possibly you could just continue your present payments a little longer or, perhaps, increase them just slightly.

It will be a pleasure to be of service to you.

Cordially,

E. E. Radon

Mrs. Robert E. Brown
Box 15 Jones Road
Chicago 14, Illinois

Come to Miami!

PLANs to make the 28th annual Southern Credit Conference, scheduled to be held in Miami, April 23-26, 1950, the greatest district meeting in National Retail Credit Association history are well under way.

A cordial invitation to all members of the National Retail Credit Association, the Associated Credit Bureaus of America, and the Credit Women's Breakfast Clubs of North America to attend the sessions is extended, regardless of state or district.

Committees have been busily employed for months on arrangements to make the conference the most instructive and the most entertaining ever held. Speakers of prominence throughout the South and recognized as authorities on the subjects they have been asked to discuss have been invited.

Two of Miami's most popular and most centrally located hotels, the Columbus and the McAllister, have been chosen as convention headquarters. Both are within easy walking distance of the city's Bayfront Park auditorium, where the business sessions will be held. The hotels are on Biscayne Boulevard and front Biscayne Bay. The auditorium is within a stone's throw of the bay.

"Our Goals for 1950" will be the theme of the convention.

The convention will get under way with an informal reception Sunday, April 23, Columbus Hotel roof. Informal business conferences will be held throughout the day.

Those attending the Southern Credit Conference in April will find much to interest them. Early comers can get in on the Metropolitan Miami Fishing tournament, which annually has around 650,000 entrants. The fishing tournament will be in progress through April 16.

General assemblies will be held in the auditorium from 10 A.M. to 12:15 P.M., daily and group sessions for panel discussions of problems affecting specific types of businesses will be held in the afternoons.

Miami entertains about 3,000,000 visitors a year and an average of 100 conventions annually. It is renowned for its hospitality and friendliness. Conveniences for the care and entertainment of visitors are unexcelled. Its hotels are the best in the nation and its transportation facilities compare favorably with those in cities of similar size.

Housing and other living costs are lower during the spring and summer months than they are during the fall and winter. Hotel rates obtained for the conference are \$4.00 to \$7.00 for single rooms and \$6.00 to \$10.00 for doubles. Suites for two persons, consisting of a bedroom and parlor, are from \$16.00 to \$20.00 a day. Suites for four persons, consisting of two bedrooms and a parlor, are \$30.00 and \$35.00. Meals range from around 50 cents upward.

You can make your hotel reservation through Ruth Coates, Miami Retail Credit Association, P. O. Box 830, Miami, Florida. Your \$10.00 reservation fee insures you of participation in all conference functions. ★★★

CREDIT WORLD BINDERS

THESE NEW BINDERS, which we have recently purchased for our Members, are the pamphlet type with stiff blue fabrikoid covered sides and the words "The CREDIT WORLD" lettered in gold on the backbone. Each Binder will hold twelve issues. There is an individual wire for each issue which can be easily inserted. Every member should have one of these Binders for each volume or each year.

THESE BINDERS may be kept on your desk or in your bookcase for ready reference. When you have this Binder at your finger tips you do not have to fumble around for your CREDIT WORLD for last November. It will be there with all the other current copies. Order one today while you have your issues for 1949 still available.

ONLY \$2.50 POSTPAID

★ ★ ★

NATIONAL RETAIL CREDIT ASSOCIATION
SHELL BUILDING ST. LOUIS 3, MO.



Members: National Retail Credit Association
 Associated Credit Bureaus of America
 Credit Women's Breakfast Clubs of North America

You are cordially invited to attend our
SOUTHERN CREDIT CONFERENCE
 IN MIAMI, APRIL 23-26

We have arranged a most instructive and interesting conference program for you. Noted Southern speakers will address you on problems of prime interest. Miami is world-famed for its hospitality and entertainment and we can assure you a most enjoyable and memorable visit. You will find your every leisure moment pleasurable from the opening reception to the conclusion of the Havana, and Nassau tours.



The McAllister

**Plan
 To Come Early
 and
 Stay Late**



The Columbus

Miami Retail Credit Association

Your hotel reservation will be arranged on receipt of your \$10.00 registration fee. The fee covers the usual conference and entertainment expenses. Please mail immediately to Ruth Coates, Miami Retail Credit Association, P. O. Box 830, Miami 5, Florida.



Granting Credit in Canada



C. B. FLEMINGTON . . Canadian Correspondent

Cooperation for Mutual Protection

C. B. FLEMINGTON, Manager, Credit Bureau of Toronto, Toronto, Ontario, Canada

THROUGH ACCESS to informative circles, it has been learned that a credit bureau cannot in any sense be considered as a recent innovation. As far back as 1803, the need for co-operation was felt, which resulted in the formation of the Mutual Communication Society of London, England. This bureau is still in operation, having provided almost a century and a half of continuous service to its members. The first bureau established on this continent was in Brooklyn, New York, in 1869, followed by one in New York City in 1872 and in Baltimore, Maryland, 1882. The need for a reliable medium through which the paying habits of individuals could be provided for the protection of the retail stores became so apparent that approximately 50 other bureaus were established prior to the year 1900. These were for the most part privately owned and independent, and as such were limited in value, due to lack of uniformity in operation and the degree of co-operation extended by other individual members.

The first merger of credit bureaus took place in 1906, when those participating became unified in thought and action through the National Association of Mercantile Agencies. In 1921 the National Retail Credit Association came into being and is recognized as the parent organization for all consumer credit activities, both reporting and collecting.

The trend of bureau operation would appear to have been from privately owned to merchant owned, and a recent survey shows 14 per cent only independent, whereas 78 per cent are owned and operated by local merchants' organizations and 8 per cent by Trade Associations, so that 86 per cent are truly co-operative in both ownership and management.

Co-operation is the keystone to credit interchange and its success depends upon this factor. Members report to the Bureau the identity of their customers.

Each member has a wealth of information which if pooled for the benefit of all, goes a long way toward reducing bad debt losses, repossessions, collection costs, keeping purchases within the capacity to pay and raising the paying standard of the people.

The question is often asked, "Why should I as a merchant furnish information for the benefit of my competitors?"

If I report satisfactory experience, I may lose sales to another who perhaps through lack of information would refuse and I would get the business.

Analyze—Why is customer applying elsewhere? You may not stock articles required, better quality, cheaper price, longer terms; all these factors enter into the situation.

Customer's goodwill cannot be retained by endeavouring to prevent buying elsewhere. Make your store attractive, show courtesy and appreciation of patronage,

keep terms within the capacity to pay, understand your customer and have all contracts clearly defined. Credit is seldom refused through lack of information alone.

If you report your experience as unsatisfactory, and the other merchant extends credit regardless, it may leave some surplus cash by which the debtor may be able to improve his position with you.

Keep faith with your customer—if he gives your name as a reference, report the details when requested and give proper appraisal.

The main issue, however, is that through co-operation with other Credit Granters, you give on one hand and receive as many as there are members. The accumulated information should be many times your individual contribution.

In a recent United States survey, it was found that bad debt losses among merchants who were *not* members of a credit bureau, and those who *made use* of its service, were in varying classifications between two and four times as great. The added incentive to pay is increased through the knowledge that an unsatisfactory record with one merchant may be made available to all.

Surveys have also been made in centres *with* and *without* credit bureau services, and it has been found that collection percentages in the former are invariably from ten to thirty per cent higher. Principal Functions of a Credit Bureau Are:

1. To provide information as to consumer credit applications either verbal or written.
 - a. As exemplified by trade record.
 - b. As gathered from outside sources.
2. Providing of automatic signal service as to changes in customers' circumstances.
3. Tracing lost debtors.
4. Collecting delinquent accounts.
5. Maintaining central files and conducting discussion groups for members in specific classification.
6. Issuance weekly and monthly bulletins including items of an educational or cautionary nature.
7. To encourage uniformity of thought and action between merchants relative to down-payments, terms, etc.
8. To provide a bureau membership card which when hung in a conspicuous place is warning that the store has facilities for obtaining up-to-date information.
9. To include in bureau files all clippings from the public press relative to notices of nonresponsibility, police court items where disposition of the case has been made, and any other items which might prove of value.
10. Provision can be made whereby in the event that it is necessary to decline or postpone credit, the subject may be referred to the bureau where the interview is completed. This saves possible misunderstanding between store and customer.

11. Arrangement can also be made for mutual discussions of customers' affairs between members, thus assisting in rehabilitating or correcting an unsatisfactory condition. (This, of course, is subject to consent of both members.) These benefits and many more prove as ample justification of the value of your credit bureau as an aid to the all-important function of consumer credit extension.

Remuneration to the bureau by its members is usually made on a meter rate basis or payment made for services rendered only per unit. An alternative is for the members to pay a minimum charge per month or year based on estimated volume, but this principle is not considered generally satisfactory nor is it suggested as good procedure.

The merchant has little cause to complain if he pays only for report *completed, successful* locates, or commissions on monies actually collected. Bureau income is usually subsidized by payment of an Annual Membership fee (with or without an initiation fee) which goes to help defray administration expenses.

Your bureau should present the *facts* and leave the decision to you. You know your store policy. When a merchant becomes a credit bureau member, he is usually requested to furnish a complete list of all accounts on his books, giving as much identifying information as possible. This should include full name of husband and wife, employment of either or both, together with present and previous addresses. It should not be necessary to provide figures with the possible exception of an account written off to bad debts. New accounts should be reported daily or weekly as open, which could quite easily be done through forwarding a copy of your credit application to the bureau. It contains much information which may be of use to them later on.

The bureau is primarily interested in knowing how the account stands when a direct enquiry has been received. Pencil figures are made on the docket and can be easily erased when a later revision is made. Completed transactions may be left on as they need no further revision.

Three fundamentals should be carefully studied when considering an application for Consumer Credit.

Character—Willingness to pay.

CAPACITY—Ability to meet obligations.

Capital—What assets are available when necessary to enforce payment.

Value of Credit Bureaus

The bureau should note carefully any evidence of a change in the debtor's circumstances such as slowing up in payment, etc., and those members interested should be advised. They should, in turn, report all items of a derogatory nature immediately for the benefit of all.

The value which a credit bureau may have in any community is entirely dependent on the degree of co-operation evidenced by its members. Each contributes for the benefit of the whole.

Credit Bureau service is not an expense, but an investment paying substantial returns. Through reduction of your bad debt losses, you should save many times the cost of your credit bureau service.

There are now approximately seventy-five bureaus operating in Canada from coast to coast, and which are affiliated through what is known as the Associated Credit Bureaus of Canada. This is a nonprofit organization operating under a Federal Charter since 1937 and its

purpose is to encourage uniformity in credit bureau procedure and to ensure all members of the individual bureaus a nation-wide service, both in the matter of credit reports and collections. It forms a veritable chain of service from sea to sea and through regular meetings held, the pulse-beat of a nation is felt and acted upon by bureau managers in the best interests of the consumer credit granting fraternity. East gives to West, and West to East.

Many bureaus organize local chapters of the Credit Granters' Association of Canada where individuals interested in Consumer Credit Extension meet at prescribed intervals to contribute and receive ideas relative to credit and collection procedure. One nation cannot progress to the detriment of another, because all true progress comes from the heart. This is also true of individuals and groups.

As the merchant is to the bureau, so your bureau is to the Association. It contributes singly, but receives manifold.

"Co-operation for mutual protection" is a phrase which may accomplish all or little if applied. The result depends entirely on the degree of co-operation given.

The activities of this Association are mainly of an educational nature and much active support is extended to the Canadian Credit Institute which sponsors the degree courses in credit work afforded through the University of Toronto Extension.

The chief aims are to raise the standards of credit reporting throughout the credit bureau structure, and to promote the interests of Consumer Credit Granting as it affects the retailer. It endeavours to interpret the relationship between merchant and customer and encourages the sane extension of credit to deserving risks, thus assisting the merchant in avoiding unnecessary bad debt losses.

Through conferences, both National and Provincial, much is accomplished toward standardizing methods of operation and use of forms. Through a mutual interchange of ideas between bureaus, much is gained which serves to generate the policy of understanding and goodwill.

There are many problems to be solved by the Credit Bureaus of Canada pertaining both to the present and the future. Experience reflects only the path over which we have travelled, but with steadfast determination and the co-operation of not only the credit bureaus, but also the fifteen thousand merchants, finance companies, banks, and other granters of Consumer Credit, difficulties both present and those which may be encountered in the future, can be overcome.

In the records of the members of the Associated Credit Bureaus of Canada are contained close to three million ratings, representative of the Canadian buying public.

It is encouraging to note that a widespread interest is being taken across Canada through the various offices of the Chambers of Commerce and Boards of Trade relative to the sponsorship of credit bureaus in their respective areas.

The progress of the Association since its inception in 1937 is one which indicates the value of its services and emphasizes its contribution to the credit reporting profession, which, together with other reputable agencies is providing a service to the retailer serving the consumer. ★★★

Business Conditions and Outlook

General Business Conditions

BUSINESS ACTIVITY has continued to hold up well and in several lines to expand during the first month of the year. The major sustaining influence continues to be the high level of consumer buying and the general feeling of optimism for the outlook during at least the first half of the year. Some prices have dropped slightly and the responses of buyers to these price declines have been favorable. As long as both public and business psychology remains as good as it has been in recent weeks, a high level of activity in general business will be maintained. No significant indications have yet appeared which would point to any change in the near future.

The total volume of business is being held at about 3 per cent lower than it was during the first months of last year. It is being stimulated by the rising level of production in most lines of industry, with declines in some fields being more than offset by increases in others. A larger number of industries have become adjusted to more nearly normal markets than a year ago, and inventories or stocks of goods on hand by manufacturers, retailers, and wholesalers have declined during the last year. They are being kept closely in line with current sales, and that fact constitutes another favorable indicator for the future.

During February conditions were somewhat more uniform than usually. The most conspicuous variation is the continued lagging in the industrial areas south of the Great Lakes which were most adversely affected by the work stoppages last year in steel and by the reduced output of coal during recent months. Most recent reports show improvements in these areas due mainly to the rapid rebound of the steel industry since the latter part of November.

Another area of below-average conditions is in the Pacific Northwest and several districts in the northern part of the agricultural regions of the Middle West. Most of these variations from the national average, however, are due to the high level of activity in those districts last year. As compared with other previous business conditions they are still good.

Business continues to improve in the New England states and around New York. Strong demand and high rates of output in many of the consumer goods industries account for this favorable trend. Total activity in this region is more closely related to current consumer buying of both durable and nondurable goods than it is in many other parts of the country.

The favorable trends are also significant in the South, especially in the eastern half, and in Florida. The winter tourist trade has held up well this season, with total spending about as large as in previous years. Industrial trends in that section are also favorable due to the expansion in many branches of the textile industry. Crops and farm incomes have also been good.

Activity is also above the national average in the Southwest where a combination of industrial, agricultural, and commercial factors has been responsible for high levels of production and spending. All these have been improving gradually for several months.

In Canada, the volume of industry and trade has remained at about the same high level as has prevailed since the middle of last year, and total activity is holding close to the postwar peak of a year ago. Trends have been most favorable in industrial output, although agricultural income is being well maintained by the stable prices for the comparatively good crops of last year. Large consumer demand, as well as demand from abroad, is helping to sustain industrial production as well as trade. This trend is likely to continue.—*Business Bulletin*, La Salle Extension University, Chicago, Ill.

Consumer Credit

CONSUMER CREDIT outstanding reached 18,788 million dollars on December 31, 1949, representing an increase of 978 million during the month. This increase was attributable to a substantial rise in charge-account indebtedness and a further expansion in instalment balances. Total consumer credit increased 2,469 million dollars or 15 per

cent during the year 1949. All major types showed an increase, but the instalment segment accounted for most of the gain. Instalment credit increased 473 million dollars during December to an estimated total of 10,912 million at the month-end. A large part of the rise occurred in non-automotive or "other" sale credit. Automobile sale credit originating at dealers rose moderately in December but outstanding balances increased 1,188 million dollars or about 60 per cent during the year. The rate of expansion in instalment loans was slightly accelerated in December, as is customary, bringing the outstanding balances to 4,650 million dollars at the year-end. The December rise in non-instalment credit was due largely to an unusually great increase in charge-account indebtedness. At the end of the year charge accounts receivable were above the corresponding date of 1948 for the first time since February.—Federal Reserve Board.

Retail Furniture Report

RETAIL FURNITURE store sales showed a sharp seasonal rise in December and were 3 per cent larger than in the corresponding month of the preceding year. Cash sales were nearly one and one-half times the November figure. Less marked increases occurred during the month in both types of credit transactions. Instalment sales continued well above those of a year earlier while cash and charge-account business was about one-tenth below the year-ago volume. Instalment accounts receivable increased 13 per cent during December to a year-end figure 22 per cent larger than the amount carried on the books at the close of 1948. Collections on instalment accounts rose moderately and the collection ratio, based on December 1 accounts receivable, was 11 per cent, the prevailing rate in the three preceding months. A year earlier instalment indebtedness was being repaid at a somewhat faster rate. Inventories were reduced in December as is customary in months of large sale volume. At the end of the year they amounted to less than three months' supply at the current rate of sale or about 15 per cent below those of a year earlier. A similar relationship has existed between 1948 and 1949 inventories for about six months.—Federal Reserve Board.

Consumer Instalment Loans

CONSUMER INSTALMENT loan balances of the principal types of lending institutions rose 2 per cent in December to an estimated 3,708 million dollars by the end of 1949. Monthly gains were reported by each type of lender, and on December 31 the total amount outstanding was 16 per cent above the year-ago level. The volume of loans made during December showed an increase of 17 per cent from a month ago, and 18 per cent from a year earlier.—Federal Reserve Board.

Retail Instalment Credit at Furniture, Household Appliance, and Jewelry Stores

INSTALMENT ACCOUNTS outstanding at furniture and household appliance stores increased in December at a somewhat faster rate than in other recent months. Accounts of this type outstanding at jewelry stores showed a considerable expansion as is customary during that month. Instalment indebtedness at all three types of outlet on December 31 was well above the amount carried at the end of 1948. Over the year-period household appliance stores experienced the largest growth in outstanding instalment credit—32 per cent—while furniture stores ranked second with an increase of 25 per cent. Jewelry store accounts receivable were up only 7 per cent. Instalment accounts of furniture and household appliance stores were collected at about the same rate in December as in the three preceding months. The rate of collection at jewelry stores was accelerated during the month, amounting to 16 per cent of the December 1 accounts receivable. For the year 1949, as a whole, all three kinds of outlets have experienced some slackening in the rate of repayment for instalment accounts.—Federal Reserve Board.

Collection Scoreboard

Compiled by the Research Division

January, 1950

January, 1949

CITIES	DEPARTMENT STORES (Opera Accounts)									DEPARTMENT STORES (Installment Accounts)									WOMEN'S SPECIALTY STORES									MEN'S CLOTHING STORES								
	1950			1949			1950			1949			1950			1949			1950			1949			1950			1949			1950			1949		
	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO
Atlanta, Ga.	—	—	—	—	—	—	—	—	—	—	—	—	42.2	44.3	38.0	43.7	61.9	39.9	41.9	47.7	34.1	38.4	46.2	34.9	—	—	—	—	—	—	—	—	—	—	—	—
Baltimore, Md.	48.4	50.8	39.3	45.2	50.3	38.3	19.5	28.3	13.6	23.1	33.4	15.3	45.6	50.8	41.6	46.2	50.3	44.2	42.2	47.4	37.0	41.8	42.0	41.7	—	—	—	—	—	—	—	—	—	—	—	—
Birmingham, Ala.	46.1	53.6	39.5	49.2	59.5	41.0	18.5	24.7	15.1	26.0	29.4	21.0	37.1	44.2	30.0	46.3	46.5	46.0	48.1	51.5	42.7	54.0	55.9	50.7	—	—	—	—	—	—	—	—	—	—	—	—
Boston, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cedar Rapids, Ia.	54.2	58.4	50.0	57.7	60.0	55.4	19.8	20.2	19.5	25.5	30.0	21.0	—	78.6	—	—	77.0	—	67.0	71.8	62.3	73.8	83.2	64.3	—	—	—	—	—	—	—	—	—	—	—	—
Cincinnati, Ohio	55.7	62.5	47.0	56.2	63.4	50.0	17.3	32.0	13.1	18.7	30.9	13.0	64.6	70.3	59.0	62.8	68.7	56.9	54.1	56.6	51.7	51.7	59.6	43.9	—	—	—	—	—	—	—	—	—	—	—	—
Cleveland, Ohio	—	—	—	47.4	60.2	43.1	—	—	—	—	26.5	32.7	23.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Columbus, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Davenport, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Denver, Colo.	49.6	54.2	41.2	50.0	57.9	40.5	17.6	48.0	18.8	21.7	31.7	18.8	49.0	53.3	44.9	47.8	55.1	40.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Des Moines, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Detroit, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Grand Rapids, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Kansas City, Mo.	51.0	58.6	41.4	55.3	56.7	54.8	14.7	18.2	11.3	18.8	19.0	18.7	60.2	65.0	51.3	57.3	62.0	53.0	60.2	65.0	51.3	57.5	62.0	53.0	—	—	—	—	—	—	—	—	—	—	—	—
Little Rock, Ark.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Los Angeles, Calif.	48.6	59.4	44.7	52.1	59.4	48.8	16.4	18.6	12.9	18.4	21.8	16.0	62.7	76.1	49.2	54.2	61.6	46.9	52.2	72.4	44.0	53.0	63.3	47.0	—	—	—	—	—	—	—	—	—	—	—	—
Louisville, Ky.	47.2	51.3	43.1	47.9	49.8	46.0	18.4	20.5	16.2	20.0	20.7	19.3	43.1	52.8	33.0	45.0	49.3	38.0	50.7	60.0	44.1	52.8	66.5	44.8	—	—	—	—	—	—	—	—	—	—	—	—
Lynn, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Milwaukee, Wis.	54.9	68.4	48.5	56.7	61.6	49.0	17.6	17.9	17.3	24.1	24.2	24.0	—	59.5	—	45.8	58.6	41.5	60.8	76.6	45.0	62.7	73.5	52.0	—	—	—	—	—	—	—	—	—	—	—	—
Minneapolis, Minn.	54.1	58.3	46.2	56.0	63.6	53.2	22.9	23.8	21.7	26.7	29.4	27.0	63.2	65.1	61.4	65.5	68.0	63.0	57.8	71.1	48.1	64.6	89.7	46.7	—	—	—	—	—	—	—	—	—	—	—	—
New Orleans, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
New York, N. Y.	46.8	60.1	34.3	49.5	64.9	40.1	20.0	21.4	15.4	21.9	24.0	18.7	51.1	52.5	49.7	51.0	52.7	49.2	55.2	58.7	51.7	59.3	65.2	53.4	—	—	—	—	—	—	—	—	—	—	—	—
Oakland, Calif.	51.9	65.6	46.3	52.0	54.6	45.3	17.2	25.2	10.5	22.1	25.8	19.7	59.4	60.3	57.8	58.9	62.9	55.0	49.3	54.9	36.8	48.3	60.3	40.5	—	—	—	—	—	—	—	—	—	—	—	—
Omaha, Neb.	58.7	89.3	48.2	59.7	71.8	47.7	—	17.6	—	19.6	24.8	14.5	53.4	56.5	50.7	51.9	57.0	46.8	54.8	55.4	54.2	54.2	54.8	53.7	—	—	—	—	—	—	—	—	—	—	—	—
Pittsburgh, Pa.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Providence, R. I.	44.4	49.2	39.0	47.0	55.6	42.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
St. Louis, Mo.	56.5	58.6	56.4	50.1	53.3	47.0	17.5	18.8	16.3	22.5	24.1	21.0	48.5	56.2	36.3	52.0	57.8	43.8	51.2	52.9	49.3	53.0	54.6	51.9	—	—	—	—	—	—	—	—	—	—	—	—
Salt Lake City, Utah	57.9	68.7	51.9	62.8	66.5	59.4	17.9	21.5	16.0	24.3	28.6	22.0	—	—	—	—	—	—	—	49.3	55.2	43.5	50.9	54.4	47.5	—	—	—	—	—	—	—	—	—	—	—
San Francisco, Calif.	—	—	—	60.8	68.6	49.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Santa Barbara, Calif.	65.8	70.1	62.0	60.8	68.6	49.4	58.0	64.7	49.6	57.3	66.1	47.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Siox City, Ia.	—	55.6	—	61.6	62.2	61.1	—	19.2	—	24.7	27.4	22.1	—	61.0	—	47.0	69.7	39.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Spokane, Wash.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Springfield, Mass.	57.2	60.8	53.6	57.3	60.7	53.9	22.0	23.9	20.1	22.2	22.7	21.6	—	60.6	—	—	69.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Toledo, Ohio	48.9	50.0	45.3	46.4	50.2	44.3	20.0	21.0	14.7	21.6	26.3	14.1	62.6	66.4	58.9	61.6	63.5	59.6	45.1	48.5	41.7	49.3	50.2	48.5	—	—	—	—	—	—	—	—	—	—	—	—
Tulsa, Okla.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Washington, D. C.	44.1	52.1	36.6	45.1	50.4	41.2	17.1	22.0	12.7	20.1	23.0	16.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Worcester, Mass.	49.8	55.1	43.3	50.7	55.8	43.8	28.3	30.0	19.7	34.6	38.8	25.8	57.0	58.6	44.8	58.3	59.0	49.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Youngstown, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ottawa, Ont.	45.5	46.9	32.1	44.9	47.9	39.3	16.9	26.1	14.7	19.6	43.2	16.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vancouver, B. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Victoria, B. C.	52.8	56.5	47.1	51.9	54.1	49.7	19.3	21.3	17.4	22.1	22.2	22.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

INSTALLMENT ACCOUNTS receivable of department stores were 13 per cent larger at the end of December than a month earlier and continued substantially above the year-ago amounts outstanding. Collections on installment accounts rose 8 per cent in December and, when related to first-of-month accounts receivable, yielded a collection ratio of 20 per cent, the same as for November. For the year as a whole, however, the rate at which outstanding indebtedness is being repaid has slackened from that prevailing a year earlier. Charge accounts outstanding expanded sharply as is customary in December. For the first time since February, end-of-month accounts receivable rose above the level of the preceding year. Collections on accounts of this

type were up 6 per

LOCAL ASSOCIATION *Activities*



The Voice of the Past

From Harold Schrupp, Standard Service Tire Company, Seattle, Washington, comes an interesting account of a recent Past Presidents' night of the Retail Credit Association of Seattle. At the November meeting it was the pleasure of the Association to have 19 Past Presidents and their wives present as the guests of the Association. Here are the names of the honored guests and the year of presidency: 1921-1922, Horace H. Bogue, 1924-1925, E. "Pete" DeWitt, 1927-1928, Jimmie S. Craig, 1928-1929, John A. Reagan, 1930-1931, Herbert W. Woodford, 1932-1933, Charles L. Hathaway, 1934-1935, Orrin A. Shearer, 1935-1936, Howard C. Ericson, 1936-1937, Gordon Haggbloom, 1938-1939, Bart Shepard, 1939-1940, Wells Huntley, 1940-1941, Phil Wahlstrom, 1941-1942, Clayton K. Watkins, 1942-1943, Len Storchow, 1943-1944, Wendell Sizemore, 1944-1945, Harold L. Blancher, 1945-1946, Don. D. Minnock, 1946-1947, Richard T. Wright, and 1948-1949, Lyman A. Buzard.

Seated in order of the year of service at three long tables in the center of the hall, the guests thoroughly enjoyed the thrill of once again being in the spotlight. The highlight of the evening came when "The Voice of the Past" boomed out hollowly from a concealed loud speaker and one by one the Past Presidents were recognized. The "Voice" portrayed by Harold Schrupp, slowly intoned the following message, "I am the Voice of the Past. I have returned from the dim pages of history, and have brought back to you the men who guided the destinies of our Association in the years gone by. Who are these distinguished men? Hold on to your seats, Ladies and Gentlemen; they are in this room at this very moment and soon you will meet them face to face. They have returned tonight to be with you once again on this Past Presidents' night. Listen closely, 1921 is calling . . . calling for Horace H. Bogue to arise and be recognized." After a short pause for applause, a lovely young songstress serenaded him with a few bars of an appropriate song, perhaps to the slight embarrassment of the recipient, but to the huge delight and amusement of the rest of the guests.

All Past-Presidents Recognized

The "Voice" continued until all Past Presidents had been recognized and serenaded and applauded, then concluded with these words, "I have now reached the end of the line, we are now in the present, I must return to the pages of History . . . I am the Voice of the Past."

The hollow, eerie sound was produced by placing the microphone in a large empty packing case and the resulting sound over the loud speaker was a satisfactory "Voice of the Past." This is a splendid idea for Program Chairmen to use for Past Presidents' night; one that will

please the guests and provide lots of fun for the members. The theme can be carried further by having the members who joined the Association during each Past President's regime wear some distinguishing badge and rise at the applause for the particular "Prexy" in whose term of office they became members. With a little imagination Past Presidents' night can be made one of the outstanding meetings of the entire season.

Fort Smith, Arkansas

At the annual meeting of the Fort Smith Retail Credit Association, Fort Smith, Arkansas, the following officers and directors were elected: President, Wendall Chambers, Ross Motor Co.; Vice President, Edgar E. Sexton, Merchants National Bank; Treasurer, Robert Brochus, First Federal Savings and Loan; and Secretary, Hugh Seelbinder, The Credit Bureau. Directors: James R. Purdom, Eads Bros.; Edna Short, King's Clothing Co.; Babe Cialone, Automobile Finance; Paul Freeman, S & Q Clothiers; Una Pearson, Pearson's Food Market; Frances Smith, Hunt Dry Goods Co.; Jack Haberer, Boston Store; and Robert Woolsey, Holt Krock Clinic.

Minneapolis, Minnesota

The 1949-1950 Officers and Directors of the Retail Credit Association of Minneapolis, Minneapolis, Minnesota, include: President, Merton D. Olson, H. A. Rogers Co.; Vice President, Paul E. Johnson, Reeves Coal & Dock Corp.; Secretary, C. A. Wildes, Credit Bureau of Minneapolis; and Treasurer, Mabel H. Miller, Carnegie Dock & Fuel Co. Directors: Walter Billman, Billman, Inc.; Wm. A. Benson, L. S. Donaldson Co.; Robert W. Ringsrud, Carr, Dolan & Hahn; Helge E. Blomquist, Nevens Co.; Lily F. Person, Plymouth Furs; John J. Taras, Fifth Northwestern National Bank; L. Allen Hales, Powers Dry Goods Co.; J. E. Erickson, Inter-City Fuel Co.; Leo A. Sobel, Brown Clothing Co.; and Merth E. Mortenson, Marquette National Bank.

Oakland, California

The Associated Retail Credit Granters of Alameda County, Oakland, California, elected the following officers and directors for the coming year at their annual meeting held January 17, 1950: President, Ray Edwards, Smith's; Vice President, M. R. Mitchell, Stone-Pierce Co.; and Secretary, R. W. Callaway, Associated Retail Credit Granters. Directors: E. A. Schey, Bank of Berkeley; W. E. Foreman, Schwartz & Grodin; M. K. Magruder, H. C. Capwell Co.; Harold Tulin, American Trust Co.; Alice Archer, Loen Wooley Togs; and Mrs. Thelma Moss, Mew Method Finance Co. During 1949 the average attendance was 102, the highest since 1941.

"Problems"

(Beginning on page 16.)

ways attempted to conduct their credit departments on a sound basis, to meet these terms from a competitive standpoint. The ease with which such credit may be obtained is certainly inducive to over-loading and, in my opinion, this is the outstanding credit problem for 1950.—Frederick G. Waite, The Credit Bureau of Rochester, Rochester, N. Y.

Credit granters should be vitally interested in their local credit bureau, whether merchant-owned or privately operated, because it is actually a department of each credit granter's business. Since the Congress has raised the minimum wage to 75 cents per hour and the Administrator has upped other requirements, your bureau faces new financing problems. Though retailers are exempt from compliance, credit bureaus and collection services must extend the Wage and Hour benefits to all their employees . . . raising their business costs! Credit executives, breakfast clubbers and top management, too, in each community should discuss this financing problem with their local credit bureau manager. An under-financed credit bureau cannot adequately serve you in 1950.—Harold A. Wallace, Associated Credit Bureaus of America, St. Louis, Mo.

The proper training of credit personnel will be just as important in 1950 as it has been in the past. We in the Credit Bureau feel that not enough importance or thought is given to credit training. This is particularly true with that part of the personnel having contact with the Credit Bureau in giving and receiving information. Proper training is not complete without some time spent in the Credit Bureau.—Erwin E. Singleton, Credit Bureau of Beaumont, Beaumont, Texas.

With the ever mounting cost of operations, it is increasingly difficult, especially for a Credit Bureau, to operate profitably. Expenses have been more than doubled since the end of the war and some costs have trebled while the price of reports to members has by far failed to keep pace. If the credit bureau is to continue to render good service, furnish accurate and prompt credit information, ways and means must be found to effect economies on a much greater scale than ever before. This can be accomplished only by increased efficiency in our offices and greater cooperation from the members. I speak only of credit bureaus because it is a business with which I am most familiar but the same problems in various degrees, no doubt, face other business.—W. C. Slotsky, Credit Bureau of Sioux City, Sioux City, Iowa.

Today's increased activity in credit operations is making more vital the proper position of the Credit Bureau in the community. To properly and efficiently serve the credit granters it is necessary to add to the reporting and collection services the public relations operations of an understanding, progressive credit counselling service and an educational program directed toward both sides. Our window displays of communities represented in the membership of NRCA and ACB of A on the theme "YOUR CREDIT TRAVELS WITH YOU" is one of our attempts at reaching the public with an appeal to the mutual responsibilities and obligations included in credit operations.—Donald Thomas, The Credit Bureau, Binghamton, N. Y.

Rising to the occasion and being able to meet the requirements of the job is the problem facing all of us in credit work, and it behooves us to keep abreast of the changing conditions. We must study, get out of our own sphere, meet, associate and exchange ideas with others in the field who have done a good job and proved successful. We must know what is going on throughout the nation and the world, not just our local community. A liberal policy with a basically sound method of procedure backed by a definite and positive collection effort, will, I believe, get the desired results.—Murrey Weldon, Merchants Credit Association, Savannah, Ga.

"Waco Celebrates"

(Beginning on page 15.)

Billingsley, Secretary, Retail Merchants Association of Fort Worth, Vice President, Associated Credit Bureaus of Texas, and Director, Retail Merchants Association of Texas; Evelyn Cameron, Scott and White Hospital, Temple; Mr. and Mrs. J. R. Portele, Marlin, Texas, Secretary, Retail Merchants Association of Marlin; Mrs. Singleton, Beaumont; Mrs. Ed Chilton, Jr., and Mrs. Howard Chilton, Dallas.

The Credit Bureau of Greater Waco is also unique in its modern trend in as much as for 44½ years it was a merchant owned association but in June, 1949, the merchants decided to sell the Credit Bureau to E. E. Singleton of Beaumont, J. E. R. Chilton, Jr. and Howard Chilton. Mr. Singleton has served as president of the Retail Merchants Association of Texas, as well as the Associated Credit Bureaus of Texas and at present is a district director of the Associated Credit Bureaus of America and is a director of the Retail Merchants Association of Texas. Mr. Singleton is the owner and manager of the Credit Bureau of Beaumont, Texas, and in 1949 won the district award for being the outstanding Credit Bureau manager in Texas. Mr. J. E. R. Chilton, Jr. has served as president of the Associated Credit Bureaus of America, president of the Retail Merchants Association of Texas, a regional director of the Associated Credit Bureaus of America, a director in the Retail Merchants Association of Texas and for the past 25 years he has served as the secretary of the Retail Credit Executives of Texas. Howard Chilton, general manager of the Waco Bureau, is at present a director in the Retail Merchants Association of Texas and president of the Associated Credit Bureaus of Texas.

At the Boston Convention in June, 1949, the Chilton Brothers were awarded the International Credit Bureau Award for operating the outstanding bureau in a city of over 250,000 population. When Howard Chilton became manager of the Retail Merchants Association, only 31 Waco firms were members of the N. R. C. A., but today all members are affiliated. Mr. Chilton believes that the more credit executives, bankers, merchants and professional men who read *THE CREDIT WORLD*, the broader will be the scope of a sound credit policy in Waco.

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To Live Is to Grow And to Grow Is to Change

SUCCESSFUL credit management offers a constant challenge; credit education is the answer to that challenge. We must continue to grow and that means constant and critical review of our performance and concepts. At no time can the credit executive of today lean back complacently in the comfortable conviction that he has the answers and needs no further education. Even though we may feel that we have solved all the problems of handling the mechanical functions of credit management, and I am sure most of us have not, there is the shining and inviting goal of credit sales promotion beckoning us on. We are still in the metamorphosis stage of development from mere credit granters and account collectors to the vastly more effective role of producers of sales. In my opinion, even the most advanced proponents and practitioners of credit sales promotion have barely scraped the surface of possibilities. And, of course, there are many credit managers who have yet to convince themselves and management that the credit department is a sales department, and that credit management is both protective and promotional.

As credit continues to occupy an increasingly important place in business we who are charged with its administration and control must rise with the tide in order not to be submerged in a flood of events and conditions for which we are ill-prepared and ill-equipped. The great end of credit education is to stimulate and discipline the mind to greater use of its *own* powers, rather than simply filling it with the accumulations of others. It is a continuous process, never finished until *we* are finished. Credit education is the alchemy which gradually transforms us from department heads doing a satisfactory but uninspired job, into producers of new ideas, methods and procedures, which will lure more customers into our stores and induce more sales from those accounts already on our ledgers.

Instead of the usual sharp division of teacher and student, credit education is a *mutual* experience. We visualize the older experienced credit people and the newer, benefiting from Credit Schools. From the rich storehouse of the older come precepts, counsel, explanations and elucidation, while the keen and fresh mind of the newcomer examines and tests them, often bringing new light and the need for revision. All gain, all are made more effective. Credit Schools offer a common training ground, and debating arena in which we can stimulate our thinking and clarify our reasoning.

The National Retail Credit Association has set its sights on a challenging objective; to assist in the establishment of a Credit School in every city and community where there are sufficient credit granters to warrant such. To accomplish this we have paved the way. Three outstanding textbooks are available, written by competent authorities and tested in actual use. These are the books:

- (1) *Retail Credit Fundamentals*, by Dr. Clyde W. Phelps.
- (2) *Retail Credit Management*, also by Dr. Phelps.
- (3) *Streamlined Letters*, by Waldo J. Marra.

To smooth the way for those who think the difficulties and perplexities of organizing Credit Schools are too formidable, brochures dealing with all the steps have been prepared. Free copies are available. They are: (a) *How to Teach Credit Schools*, (b) *How to Organize and Conduct Credit Schools* and (c) *What They Think of Credit Schools*. Also, the National Office has written six model lectures to assist lecturers who might not otherwise have time for research and assembling of the material. They will gladly be sent on request at no charge. Other lectures will be prepared if the demand warrants.

The National Office is ready to cooperate in every possible way with local members who contemplate establishing Credit Schools. Both credit granters and credit consumers benefit from Credit Schools. Credit granters develop the art of keen analysis of scientifically obtained information, while credit consumers acquire, through the publicity which attends Credit Schools, a better understanding of the privileges and responsibility of credit.

To well-established credit granters, here is a challenge. Add to your stature and effectiveness by giving newer people the benefit of your accumulated knowledge.

To newer credit office personnel, seek every golden opportunity to learn so that you will be fully prepared to assume the mantle of responsibility when the opportunity comes.

To everyone engaged in credit work, remember that to live is to grow, to grow is to change. Methods, procedures and concepts of yesterday are being re-molded in the fierce fires of changing conditions. *We must continue to learn.*

Leonard Berry

Six New Educational Stickers

● MORE AND MORE cost-conscious Credit Sales and Collection Managers are finding these new stickers to be an effective and inexpensive collection medium. The emblem of the National Retail Credit Association adds an authoritative dignity. The wording is friendly and explanatory. Tested sentences are designed to present the reasons for prompt payment in a convincing manner. While particularly appropriate in the early stages of past due-ness, they can be used at any time. Easy to affix, they require no fill-in. Simply attach to the customer's statement. They are just as effective for the large store as the smaller. It is now necessary to have a closer and consistent follow-up as collection problems are increasing. Here is your answer. Take advantage of this National service and order a selection today. With your order ask for an illustrated folder showing our complete series of stickers and inserts.

Maintain a Good Credit Record—



For more than a quarter-century retailers and professional men of North America have contributed their actual ledger experience—good, bad and indifferent—to form a tremendous catalog of credit information. This information is a basis for the credit record of the consumer.

Payment of regular accounts on receipt of bill and installment accounts as agreed will build and maintain a good credit record.

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Credit Is Confidence



in the integrity of an individual to carry through his agreements.

Your willingness to pay promptly is the basis on which the retailer extends credit to you.

Charge accounts are due and payable on receipt of statement; installment accounts are due on the dates specified.

Pay Your Obligations Promptly

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A SHOPPING CONVENIENCE



● Credit is extended as a shopping convenience. But it is more than a convenience. It has a definite value to the user. For most people depend on a monthly salary or income. By using their credit, they are able to meet current expenditures out of current income.

● Every charge account that is paid in full each month, and each contract that is paid as agreed helps to build and maintain a "Prompt Pay" record.

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Keep Your Credit Record Good ★ ★



Whatever your needs may be, a convenient means of making your purchases is by using a charge account.

A good credit rating, obtained by meeting obligations promptly, entitles you to this privilege.

Pay each account in full on receipt of bill and contract purchases as agreed. ★ ★ ★

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Good Credit



The majority of people use credit in its various forms, but only those who meet their contracts as agreed, continue to enjoy its advantages.

The credit you command rests largely on one thing—not the position you hold, not the property you own; not your bank account—but the way you pay your bills.

Pay all charge accounts promptly each month and installment accounts when due. ★ ★

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KEEP YOUR PROMISE—



Each month, stores review their accounts to ascertain which customers keep promises and which do not—and the matter of keeping promises has a most important bearing on your future credit standing.

Prompt payment of accounts builds a credit record of priceless value wherever and whenever credit is needed.

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